Notice to Unitholders

UBS (HK) Fund Series (the “Trust”)

UBS (HK) Fund Series – China High Yield Bond (USD)
UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD)
(each a “Sub-Fund”, collectively the “Sub-Funds”)

Important

If you are in doubt about the contents of this document, you should seek independent professional financial advice.

The Manager, UBS Asset Management (Hong Kong) Limited (the “Manager”), accepts full responsibility for the accuracy of the information contained in this notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading at the date of publication.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Trust Prospectus and Fund Specific Prospectuses in respect of the Trust and each of the Sub-Funds of the Trust dated February 2020, as may be amended from time to time (collectively, the “Prospectus”).

Dear Unitholders,

In accordance with the Prospectus, if total subscriptions or redemptions of all the Unit classes of a Sub-Fund on a single trading day come to a net capital inflow or net capital outflow, the respective Sub-Fund’s Net Asset Value per Unit may be increased or reduced by virtue of fiscal and purchase charges or fiscal and sales charges including estimated transaction costs and tax charges that may be incurred by the Sub-Fund as well as the estimated bid/offer spread of the assets in which the Sub-Fund invests (so-called “Single Swing Pricing”). The Manager will only make such adjustment, after consultation with the Trustee, with a view to protecting the interests of the Unitholders.

The Prospectus sets out that the maximum adjustment amounts to 2% of Net Asset Value per Unit and any adjustment will be applied consistently to all Unit classes of the relevant Sub-Fund and all Unitholders of the relevant Sub-Fund equally. The adjustment leads to an increase in the Net Asset Value per Unit if the net movements result in a net flow of capital in the Sub-Fund concerned. However, this adjustment leads to a fall in the Net Asset Value per Unit if the net movements result in a net outflow of capital.

Under exceptional market circumstances, the SFC permits the Manager to increase the maximum swing factor (price adjustment) beyond the maximum level set out in the Prospectus on a temporary basis provided this is duly justified and in the best interests of Unitholders.

As a result of the exceptional market circumstances resulting from COVID-19 and in order to reflect the volatility and liquidity constraints in the current market environment, from the effective date of 9 April 2020 the Manager has decided to temporarily permit the increase of the swing factor applied to the Sub-Funds beyond the maximum swing factor set out in the Prospectus up to 4% of Net Asset Value per Unit.

The revised swing factors are the result of a robust internal governance process and are based on a robust methodology (including market / transaction data based analysis) that provides for an accurate Net Asset Value which is representative of prevailing market conditions. The Manager has taken this
decision in order to protect the interest of investors and ensure the fair and equal treatment of all Unitholders in the Trust and the Sub-Funds. The Manager may decide to temporarily increase beyond the temporary maximum swing factor of 4% of Net Asset Value per Unit in view of prevailing market conditions, and Unitholders will be notified as soon as practicable of any such increase.

Unitholders are not required to take any action in relation to the changes described and will be notified once the Manager has decided to return to the original maximum swing factor in respect of the Sub-Funds set out in the Prospectus.

The Prospectus will be updated in due course to reflect that the maximum swing factor (price adjustment) may increase beyond the maximum level set out in the Prospectus on a temporary basis under exceptional market circumstances.

The updated Prospectus of the Trust and the KFS of the Sub-Funds will be available on the website of the Manager at https://www.ubs.com/hk/en/asset_management/wholesale.html and for your inspection free of charge during normal business hours (except on Saturdays, Sundays and public holidays) at the office of the Manager at 45/F-52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong in due course.

If you have any questions about the foregoing, you may contact the Manager at 45/F-52/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong or by telephone at +852 2971 6188.

Yours sincerely,

UBS Asset Management (Hong Kong) Limited

9 April 2020

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1 Investors should note that the website has not been reviewed or authorised by the SFC.
New Unit Class for UBS (HK) Fund Series – China High Yield Bond (USD)

A new Unit Class, namely Class A RMB hedged-mdist, will be issued in respect of UBS (HK) Fund Series – China High Yield Bond (USD). Accordingly, the Prospectus is amended as follows with immediate effect:

1. The definitions of "Initial Issue Price" and “Initial Offer Period” under “2. DEFINITIONS” in the section headed “C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)” shall be deleted in their entireties and replaced with the following:

   "Initial Issue Price"  
   with respect to Class A RMB hedged-mdist Units means RMB100 per Unit; with respect to Class K-1 Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class); with respect to Class M Units means RMB100 per Unit; and with respect to Class Q Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class);

   "Initial Offer Period"  
   Class A RMB hedged-mdist Units, Class K-1 Units, Class M Units and Class Q Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee);

2. The details under the sub-heading "Initial Issue Price", “Initial Offer Period”, "Initial Minimum Subscription Amount" and "Subsequent Minimum Subscription Amount" in the table under “3. SUMMARY” under the section headed “C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)” shall be deleted in their entireties and replaced with the following:

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<thead>
<tr>
<th>Initial Issue Price* (per Unit)</th>
<th>Class A RMB hedged-mdist Units: RMB100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class K-1 Units: US$100/HK$100</td>
</tr>
<tr>
<td></td>
<td>Class M Units: RMB100</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: US$100/HK$100</td>
</tr>
<tr>
<td>Initial Offer Period</td>
<td>Class A Units (except for Class A RMB hedged-mdist Units), Class J Units and Class I-B Units have been launched</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Class A RMB hedged-mdist Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class K-1 Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class M Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td>Initial Minimum Subscription Amount*#</td>
<td>Class A Units (except for Class A RMB hedged-mdist Units): US$2,500 (or its equivalent in any other freely convertible currency)</td>
</tr>
<tr>
<td></td>
<td>Class A RMB hedged-mdist Units: RMB2,500 (or its equivalent in any other freely convertible currency)</td>
</tr>
<tr>
<td></td>
<td>Class K-1 USD Units: US$500,000 (or its equivalent in any other freely convertible currency)</td>
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<td></td>
<td>Class K-1 HKD Units: HK$4,000,000 (or its equivalent in any other freely convertible currency)</td>
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<td>Class M Units: RMB2,500 (or its equivalent in any other freely convertible currency)</td>
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<td></td>
<td>Class Q USD Units: US$2,500 (or its equivalent in any other freely convertible currency)</td>
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<td></td>
<td>Class Q HKD Units: HK$2,500 (or its equivalent in any other freely convertible currency)</td>
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<td></td>
<td>Class J Units: not applicable</td>
</tr>
<tr>
<td></td>
<td>Class I-B Units: not applicable</td>
</tr>
<tr>
<td>Subsequent Minimum Subscription Amount *#</td>
<td>Class A Units (except for Class A RMB hedged-mdist Units): US$1,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
<td></td>
<td>Class A RMB hedged-mdist Units: RMB1,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
<td></td>
<td>Class K-1 USD Units: US$250,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
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<td>Class K-1 HKD Units: HK$2,000,000 (or its equivalent in any other freely convertible currency)</td>
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<td></td>
<td>Class M Units: RMB1,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
<td></td>
<td>Class Q USD Units: US$1,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
<td></td>
<td>Class Q HKD Units: HK$1,000 (or its equivalent in any other freely convertible currency)</td>
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<tr>
<td></td>
<td>Class J Units: not applicable</td>
</tr>
<tr>
<td></td>
<td>Class I-B Units: not applicable</td>
</tr>
</tbody>
</table>
3. The table listing out the fees of each Unit Class under “3. SUMMARY” under the section headed “C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)” shall be deleted in its entirety and replaced with the following:
<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Service Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Registrar Fee</th>
<th>Trustee Fee† (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Subscription Charge (% of the subscription amount)</th>
<th>Conversion Fee (% of the subscription amount)</th>
<th>Redemption Charge (% of the Redemption Price of each Unit)</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A USD-acc</td>
<td>Up to 1.25%**</td>
<td>Up to 0.4%**</td>
<td>USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder</td>
<td>Up to 0.09% **</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
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<tr>
<td>Class A USD-mdist</td>
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<tr>
<td>Class A HKD-mdist</td>
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</tr>
<tr>
<td>Class A RMB hedged-mdist***</td>
<td>Up to 1.3%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class K-1*</td>
<td>Up to 0.8%**</td>
<td>Nil</td>
<td></td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class</td>
<td>Up to 1.25%**</td>
<td>Up to 0.4%**</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
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<tr>
<td>Class M*</td>
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</tr>
<tr>
<td>Class Q*</td>
<td>Up to 0.81%**</td>
<td>Up to 0.4%**</td>
<td></td>
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</tr>
<tr>
<td>Class J JPY-mdist</td>
<td>Up to 0.5%**</td>
<td>Nil</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Class J JPY hedged-mdist***</td>
<td>Up to 0.53%**</td>
<td>Nil</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Class I-B*</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.

*** For unit classes with “hedged” in their name and with reference currencies different to the Sub-Fund’s currency of account, the risk of fluctuations in the value of the reference currency is hedged against the Sub-Fund’s currency of account. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the Sub-Fund's currency of account.

† It is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
4. The first bullet point under the third paragraph under “5. UNIT CLASSES” in the section headed “C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)” shall be deleted in its entirety and replaced with the following:

“• The following classes of Class A Units are available to all members of the public in Hong Kong:

− A USD-acc;
− A USD-mdist;
− A HKD-mdist; and
− A RMB hedged-mdist.”

5. A new risk factor shall be inserted immediately after the risk factor headed “11.24 Risks associated with investments in LAP” under "11. SUB-FUND SPECIFIC RISK FACTORS" in the section headed “C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)”:

"11.25 RMB currency and conversion risks

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors’ base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor’s investment in the Sub-Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB."

17 April 2020
IMPORTANT: If you are in any doubt about the contents of this Prospectus, you should seek independent professional financial advice.

UBS (HK) FUND SERIES

UBS (HK) Fund Series – China Opportunity Equity (USD)
UBS (HK) Fund Series – China High Yield Bond (USD)
UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD)
UBS (HK) Fund Series – Global Select Equity (USD)
UBS (HK) Fund Series – Global High Yield Bond (USD)

TRUST PROSPECTUS

AND

FUND SPECIFIC PROSPECTUSES

February 2020
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A. TRUST PROSPECTUS

This prospectus (this "Trust Prospectus") comprises information in relation to UBS (HK) Fund Series (the "Trust"), an umbrella unit trust established under the laws of Hong Kong, by a trust deed dated 12 January 2017 and as amended or supplemented from time to time (the “Trust Deed”) between UBS Asset Management (Hong Kong) Limited (the "Manager") as manager and HSBC Institutional Trust Services (Asia) Limited (the "Trustee") as trustee.

The Manager accepts full responsibility for the accuracy of the information contained in this Trust Prospectus, each prospectus specific to a sub-fund of the Trust ("Sub-Fund") (the "Fund Specific Prospectus", together with this Trust Prospectus, the "Prospectus") and the Product Key Facts Statement of each Sub-Fund, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or the Product Key Facts Statement misleading. However, neither the delivery of this Prospectus and/or the Product Key Facts Statement nor the offer or issue of units of the Trust or a Sub-Fund ("Units") shall under any circumstances constitute a representation that the information contained in this Prospectus or the Product Key Facts Statement is correct as of any time subsequent to the date of publication. This Prospectus and the Product Key Facts Statement may from time to time be updated.

Distribution of this Prospectus must be accompanied by a copy of the Product Key Facts Statement of each Sub-Fund and the latest available annual report and audited accounts of the Trust and the Sub-Fund(s) (if any) and any subsequent unaudited semi-annual accounts. Units of the Sub-Fund(s) are offered on the basis only of the information contained in this Prospectus, the Product Key Facts Statement and (where applicable) the above mentioned annual reports and audited accounts and unaudited semi-annual accounts. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Prospectus or the Product Key Facts Statement should be regarded as unauthorized and accordingly must not be relied upon.

The Trust may issue different classes of Units and the Trustee will establish a separate pool of assets within the Trust for each Sub-Fund. Each Sub-Fund is a separate and distinct trust and the assets of a Sub-Fund will be invested and administered separately from the other assets of, and shall not be used to meet the liabilities of, other Sub-Funds.

The Trust and the Sub-Fund(s) have been authorized by the Securities and Futures Commission ("SFC") pursuant to section 104 of the Securities and Futures Ordinance ("SFO").

The SFC’s authorization is not a recommendation or endorsement of the Trust and the Sub-Fund(s) nor does it guarantee the commercial merits of the Trust and the Sub-Fund(s) or their performance. It does not mean the Trust or the Sub-Fund(s) is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Selling Restrictions

General: The distribution of this Prospectus and the Product Key Facts Statement and the offering of the Units in certain jurisdictions may be restricted. Persons into whose possession
this Prospectus and the Product Key Facts Statement come are required to inform themselves about and to observe any such restrictions.

No action has been or will be taken to permit a public offering of the Units in any jurisdiction where action would be required for that purpose. Neither this Prospectus nor the Product Key Facts Statement constitutes or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Units by anyone in any jurisdiction in which such an offer or solicitation is not authorized or may not lawfully be made (without compliance with any registration or other legal requirements) or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer in any jurisdiction. No Units may be sold, directly or indirectly, and this Prospectus and the Product Key Facts Statement may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

**United States:** In particular, potential investors should note the following:-

(a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a U.S. Person (as defined in Regulation S under such Act); and

(b) the Fund and the Sub-Fund(s) have not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, and (c) any foreign exchange restrictions or exchange control requirements which they may encounter under the laws of the countries/jurisdictions of their incorporation, citizenship, residence or domicile and which may be relevant to the subscription, holding or disposal of Units.

Some of the information in this Prospectus is a summary of the corresponding provisions in the Trust Deed. Investors should refer to the Trust Deed for further details. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

**Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of any Sub-Fund will be achieved.** Investors should read the Prospectus, particularly the section headed "Risk Factors", and the section headed "Sub-Fund Specific Risk Factors" in the relevant Fund Specific Prospectus, before making their investment decisions.

Please note that this Trust Prospectus must be read together with the relevant Fund Specific Prospectus which relates to a specific Sub-Fund of the Trust. The Fund Specific Prospectus sets out the details relating to that Sub-Fund (which may include, without limitation, specific information on the Sub-Fund and additional terms, conditions and restrictions applicable to the Sub-Fund). The provisions of the Fund Specific Prospectus supplement this Trust Prospectus.
Enquiries and Complaints Handling

Investors may contact the Manager for any enquiries or complaints regarding the Trust or any Sub-Fund. Such enquiries or complaints should be in writing and sent to the Manager at Levels 45-52, Two International Finance Centre, 8 Finance Street, Central, Hong Kong (attention to UBS Asset Management (Hong Kong) Limited) or by telephone at +852 2971 6188. Upon receipt of such enquiries or complaints, a preliminary response will be provided within three Business Days.

Further Information

Investors may access the website of the Manager at https://www.ubs.com/hk/en/asset_management/wholesale.html for further information on the Trust and the Sub-Fund(s), including this Prospectus and the Product Key Facts Statement, annual and semi-annual reports and latest Net Asset Values. This website has not been reviewed or authorized by the SFC.
DIRECTORY OF PARTIES

Manager  
UBS Asset Management (Hong Kong) Limited  
Levels 45-52, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

Board of Directors of the Manager  
John BRADSHAW  
Markus Peter EGLOFF  
David HANZL

Trustee, Custodian and Registrar  
HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

Auditors  
Ernst & Young  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong
1. **DEFINITIONS**

For the purposes of the Prospectus, unless the context otherwise requires (or a Fund Specific Prospectus otherwise defines) the following expressions have the following meanings:

"Amortization Period" such period as specified in the relevant Fund Specific Prospectus over which establishment costs of the Trust and/or a Sub-Fund will be amortized;

"A-Shares" shares issued by companies incorporated in the Mainland China and listed on the SSE or the SZSE, traded in RMB and available for investment by onshore investors and Hong Kong investors through, amongst other channels, Stock Connect;

"Authorized Distributor(s)" distributors authorized by the Manager to distribute the Units of a Sub-Fund;

"B-Shares" shares issued by companies listed on the SSE or the SZSE, traded in foreign currencies and available for investment by onshore (Mainland Chinese) investors and foreign investors;

"Business Day" any day other than Saturday or Sunday, on which banks are open for normal banking business in the location(s) applicable to a Sub-Fund as specified in the relevant Fund Specific Prospectus;
"Class Q Eligible Investors" investors who are:

(a) located in one of the jurisdictions listed in the Eligible Jurisdiction List A; or

(b) contractual partners of UBS AG acting through their asset management division and other regulated financial service providers duly authorized by their supervisory authority, investing in their own name and:

(i) on their own behalf; or

(ii) on behalf of their clients within the framework of written contracts for pecuniary interest constituting (1) asset management mandates, (2) advisory agreements, or (3) similar long-term contracts, provided these specifically allow for investments in share classes without remuneration; or on behalf of a collective investment scheme; or

(iii) on behalf of another regulated financial service provider, which acts within the above framework on behalf of its clients.

Eligible investors falling under (b) above are deemed domiciled in: (A) one of the jurisdictions listed in Eligible Jurisdiction List B if the conditions of (i) above are met; or (B) one of the jurisdictions covered by Eligible Jurisdiction List C if the conditions of (ii) or (iii) above are met.

"Code" Code on Unit Trusts and Mutual Funds issued by the SFC (as amended, or replaced, from time to time);

"Connected Person" has the meaning as set out in the Code;

"Correspondent" has the meaning as set out in the section entitled "Trustee and Registrar" in section 7.2 of this Trust Prospectus;

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1 Eligible Jurisdiction List A: Belgium, Great Britain, Guernsey, Ireland, Isle of Man, Jersey, Netherlands

Eligible Jurisdiction List B: Andorra, Austria, Brazil, Bulgaria, Chile, Columbia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxemburg, Malaysia, Malta, Mexico, Monaco, Norway, Peru, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand

Eligible Jurisdiction List C: Hong Kong, Liechtenstein, Singapore, Spain, Switzerland, Taiwan, United States of America

*) USA: for nominee investors, acting in their own name and exclusively on behalf of clients who are not U.S. Persons
"CSDCC" China Securities Depository and Clearing Corporation Limited;

"Custodian" means HSBC Institutional Trust Services (Asia) Limited as the custodian of the Trust to hold all or part of the assets or other property of the Trust;

"Dealing Day" the day on which the Manager is open to accept applications for subscription and redemption of Units as specified in the relevant Fund Specific Prospectus;

"entities within the same group" entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards;

"FATCA" the foreign account tax compliance provisions of the United States' Hiring Incentives to Restore Employment Act of 2010;

"FDI" financial derivative instrument;

"Fund Specific Prospectus" each document describing the features of a specific Sub-Fund including, among other things, the investment objective, the fees and charges and the investment restrictions of that Sub-Fund;

"Government and other Public Securities" has the meaning as set out in the Code which at the date of this Prospectus means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies;

"Hong Kong" the Hong Kong Special Administrative Region of the PRC;

"HK$, "HKD" or "HK dollar" the lawful currency of Hong Kong;

"HKFE" Hong Kong Futures Exchange Limited;

"HKSCC" Hong Kong Securities Clearing Company Limited;

"HSBC Group" HSBC Holdings plc, its subsidiaries and associated companies;

"IFRS" International Financial Reporting Standards issued by the International Accounting Standards Board (IASB);

"Initial Offer Period" such period in respect of the offer of the Units in the relevant Sub-Fund commencing on such date and ending on such date as specified in the relevant Fund Specific Prospectus;
"Investment Manager" the investment manager delegated with authority in respect of a Sub-Fund by the Manager to manage and invest certain assets of such Sub-Fund in accordance with the prescribed investment objectives, investment strategy and restrictions of such Sub-Fund;

"Mainland China" all the custom territories of the PRC, for the purposes of interpretation of this Prospectus only, excluding Hong Kong and Macau Special Administrative Regions and Taiwan of the PRC;

"Manager" UBS Asset Management (Hong Kong) Limited, in its capacity as manager in respect of the Trust;

"NAV" or "Net Asset Value" net asset value of the Sub-Fund or per Unit of the Sub-Fund or per Unit of a class, as the context requires;

"PRC" the People’s Republic of China;

"QFII" a qualified foreign institutional investor approved pursuant to the relevant Mainland Chinese laws and regulations, as may be promulgated and/or amended from time to time;

"Recognized Market" a stock exchange, over-the-counter market or other organized securities market which is open to the international public and on which securities are regularly traded;

"Registrar" the Trustee or the person appointed by the Trustee by whom the register or registers of holders of Units is for the time being and from time to time kept (and in default of any such appointment shall mean the Trustee), including any agent from time to time appointed by the Registrar, and such person may also be the Manager;
"Restricted Person" any person or persons:

(a) in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Manager, the Trustee or the relevant Sub-Fund incurring or suffering any liability to taxation or suffering any other potential or actual pecuniary disadvantage or would subject the Manager, the Trustee or the relevant Sub-Fund to any additional regulation to which the Manager, the Trustee or the relevant Sub-Fund might not otherwise have incurred or suffered or been subject; or

(b) in breach of, or reasonably deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee, the Registrar or the Manager; or

(c) in breach of any applicable law or applicable requirements of any jurisdiction or governmental authority or any stock exchange on which the Units are listed;

"RMB" or "Renminbi" renminbi, the lawful currency of Mainland China;

"RQFII" a Renminbi qualified foreign institutional investor approved pursuant to the relevant Mainland Chinese laws and regulations, as may be promulgated and/or amended from time to time;

"SFC" the Securities and Futures Commission of Hong Kong;

"SFO" the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

"SSE" the Shanghai Stock Exchange;

"Stock Connect" the securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect;

"Stock Exchange" The Stock Exchange of Hong Kong Limited;

"Sub-Fund" a sub-fund of the Trust for which a separate Fund Specific Prospectus is issued by the Manager;
"substantial financial institutions" has the meaning as set out in the Code;

"SZSE" the Shenzhen Stock Exchange;

"Trust Deed" the trust deed dated 12 January 2017 between the Manager and the Trustee establishing the Trust, and as amended, restated or supplemented from time to time;

"Trust" UBS (HK) Fund Series;

"Trustee" HSBC Institutional Trust Services (Asia) Limited, in its capacity as the trustee of the Trust;

"UBS Group" UBS AG, its subsidiaries and associated companies;

"Unit" a unit of the Sub-Fund or the Trust (as the context requires);

"Unitholder" a registered holder for the time being of a Unit in the Sub-Fund or the Trust (as the context requires);

"US$, USD" or "US dollar" the lawful currency of the United States of America;

"U.S. Persons" as defined in Rule 902 of Regulation S promulgated under the United States Securities Act of 1933, as amended; and

"Valuation Point" the time at which the Net Asset Value of the Sub-Fund and Net Asset Value per Unit are calculated as specified for each Sub-Fund in the relevant Fund Specific Prospectus.
2. **INTRODUCTION**

The Trust is an open-ended umbrella unit trust established under Hong Kong law by the Trust Deed. In the case of inconsistency between the provisions of the Fund Specific Prospectus and this Trust Prospectus, the provisions of the Fund Specific Prospectus shall prevail.

3. **INVESTMENT OBJECTIVE AND POLICY IN RELATION TO THE RELEVANT SUB-FUND**

The Trust is anticipated to offer a range of Sub-Funds going forward, each with different investment objectives and policies as specified in the relevant Fund Specific Prospectus.

4. **INVESTMENT RESTRICTIONS**

The investment restrictions applicable to a Sub-Fund depend on the investment objectives and policies of the relevant Sub-Fund. These investment restrictions are contained in the Trust Deed and, subject to any additional restrictions applicable to a particular Sub-Fund as described in the relevant Fund Specific Prospectus which are applicable to the investments in relation to each Sub-Fund individually unless otherwise specified.

The Manager is not immediately required to sell applicable investments if any of a Sub-Fund's investment or borrowing restrictions are breached or exceeded as a result of changes in the value of that Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of that Sub-Fund or redemptions of Units. However, if any of the investment and borrowing restrictions applicable to a Sub-Fund are breached or limits are exceeded, the Manager will take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interest of Unitholders of the relevant Sub-Fund.

The Sub-Funds shall be subject to investment restrictions as provided in the relevant Fund Specific Prospectus. So long as the Trust and/or a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, except as otherwise provided in the relevant Fund Specific Prospectus, the following investment restrictions will apply to the investments in relation to the Trust and/or such Sub-Fund at the time of investment:

(a) the aggregate value of a Sub-Fund’s investments in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of such Sub-Fund:

   (1) investments in securities issued by such entity;

   (2) exposure to such entity through underlying assets of FDIs; and

   (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Sub-Fund’s investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Sub-Fund:

   (1) investments in securities issued by such entities;
(2) exposure to such entities through underlying assets of FDIs; and

(3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of a Sub-Fund’s cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Sub-Fund, unless:

(1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of a Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors’ interests;

For the purpose of this paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services.

(d) ordinary shares issued by a single entity held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by a single entity held for the account of all other Sub-Funds under the Trust collectively, may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;

(e) not more than 15% of the total Net Asset Value of a Sub-Fund may be invested in securities and other financial products or instruments that 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;

(f) Notwithstanding (a), (b), (d) and (e) above, where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Holders or the Sub-Fund as a result must be clearly disclosed in the relevant Fund Specific Prospectus; and
(3) the Sub-Fund must produce the reports required by Clause 8.2 in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue;

(h) subject to (g), a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues;

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds (“ETFs”) that are:

(1) authorised by the SFC; or

(2) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in ETFs shall be subject to paragraph (e) above and the relevant investment limits in ETFs by a Sub-Fund should be consistently applied and clearly disclosed in the relevant Fund Specific Prospectus;

(k) where a Sub-Fund invests in shares or units of other collective investment schemes (“underlying schemes”),

(1) the value of such Sub-Fund’s investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC, may not in aggregate exceed 10% of the total Net Asset Value of the Sub-Fund; and

(2) such Sub-Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund’s investment in units or shares in each such underlying scheme may not exceed 30% of the total Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the relevant Fund Specific Prospectus,

provided that in respect of (1) and (2) above:
(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme’s objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and ETFs satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the Manager or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(iv) where an investment is made in any underlying scheme(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(v) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Sub-Fund may invest 90% or more of its total Net Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case:

(1) the underlying scheme (“master fund”) must be authorised by the SFC;

(2) the relevant Fund Specific Prospectus must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund and its master fund will be deemed a single entity;

(iii) the Sub-Fund’s annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, management company's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Holders or by the Sub-Fund may result, if the master
fund in which the Sub-Fund invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k); and

(m) if the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its total Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

A Sub-Fund shall not:

(a) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager 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));

(1) In the case of investments in shares in real estate companies and interests in REITs, such investments shall comply with the investment limits as set out in Chapters 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable.

(2) For the avoidance of doubt, where investments are made in listed REITs, Chapters 7.1, 7.1A and 7.2 of the Code apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, Chapters 7.3 and 7.11 of the Code apply respectively.

(c) make short sales if as a result a Sub-Fund would be required to deliver securities exceeding 10% of the total Net Asset Value of the Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, a Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;

(d) lend or make a loan out of the assets of a Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(e) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(f) acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders must
be limited to their investments in the relevant Sub-Fund; or

(g) apply any part of a Sub-Fund in the acquisition of any security where a call is to be made for any sum unpaid on that security unless such call could be met in full out of cash or near cash forming part of a Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapter 7.29 and 7.30 of the Code.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to swaps or other FDIs, for hedging or non-hedging (investment) purposes.

A Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purposes if they meet all of the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they should exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

Each Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Sub-Fund’s net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value, except this limit may be exceeded for Sub-Funds approved by the SFC under Chapters 8.8 (structured funds) or 8.9 (funds that invest extensively in FDIs) of the Code. In this regard:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) for the avoidance of doubt, FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.
The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 of the Code provided that the relevant index is in compliance with Chapter 8.6(e) of the Code;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions;

(c) subject to paragraphs (a) and (b) under the section entitled “Investment Restrictions” above, a Sub-Fund’s net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of such Sub-Fund; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominees, agents or delegates independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services as maybe established from time to time. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

Notwithstanding paragraph (c) above, exposure to a counterparty of over-the-counter FDIs may be lowered by collateral received (if applicable) and should be calculated with reference to the value of collateral and positive marked-to-market value of the over-the-counter FDIs with that counterparty, if applicable.

Subject to the above, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDIs, together with the other investments of the relevant Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets as set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code.

For the avoidance of doubt, the restrictions and limitations on counterparty as set out in Chapters 7.1, 7.1A and 7.28(c) of the Code will not apply to FDIs that are:

(a) transacted on an exchange where the clearing house performs a central counterparty role; and

(b) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis.
A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

(a) in the case of FDIs transactions which will, or may at the discretion of the Trustee or the Manager, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of FDIs transactions which will, or may at the counterparty’s discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well.

**Collateral**

Collateral received from counterparties should comply with the following requirements:

- **Asset type** – eligible collateral include cash, government bonds, supranational bonds, corporate bonds, stocks, funds, money market instruments or other liquid securities;

- **Counterparty** – the issuer of collateral must be an independent counterparty approved by the Manager and will be a financial institution which is subject to ongoing prudential regulation and supervision. It must be of high quality and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process. There is no criteria for country of origin of the counterparty;

- **Maturity** – no maturity constraints will apply to the collateral received;

- **Liquidity** – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing. Regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;

- **Valuation** – collateral should be marked-to-market daily by using independent pricing source;

- **Issuer credit quality** – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;
• Haircut - collateral should be subject to prudent haircut policy which should be based on
the market risks of the assets used as collateral in order to cover potential maximum
expected decline in collateral values during liquidation before a transaction can be
closed out with due consideration on stress period and volatile markets, and the price
volatility of the asset used as collateral. Other specific characteristics of the collateral,
including, among others, asset types, issuer creditworthiness, residual maturity, price
sensitivity, optionality, expected liquidity in stressed period, impact from foreign
exchange, and correlation between securities accepted as collateral and the securities
involved in the transactions;

• Diversification – collateral must be appropriately diversified to avoid concentrated
exposure to any single entity and/or entities within the same group and a Sub-Fund’s
exposure to issuer(s) of the collateral should be taken into account in compliance with the
investment restrictions and limitations set out in Chapter 7 of the Code;

• Correlation – the value of the collateral should not have any significant correlation with
the creditworthiness of the counterparty or the issuer of the FDIs to the extent that it
would undermine the effectiveness of the collateral. As such, securities issued by the
counterparty or the issuer of the FDIs, or the counterparty of securities financing
transactions or any of their related entities should not be used as collateral;

• Management of operational and legal risks – the Manager shall have appropriate systems,
operational capabilities and legal expertise for proper collateral management;

• Independent custody – collateral must be held by the Trustee of the relevant Sub-Fund;

• Enforceability – collateral must be readily accessible/enforceable by the Trustee without
further recourse to the issuer of the FDIs;

• Re-investment of collateral – unless otherwise specified in respect of a particular Sub-
Fund, up to 100% of the cash collateral received by a Sub-Fund may be reinvested. Cash
collateral received may only be reinvested in short-term deposits, high quality money
market instruments and money market funds authorised under Chapter 8.2 of the Code or
regulated in a manner generally comparable with the requirements of the SFC and
acceptable to the SFC, and subject to corresponding investment restrictions or limitations
applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash
collateral received may not be sold, re-invested or pledged;

(a) For the purpose herein, “money market instruments” refer to securities normally
dealt in on the money markets, including government bills, certificates of deposit,
commercial papers, short-term notes and bankers’ acceptances, etc. In assessing
whether a money market instrument is of high quality, at a minimum, the credit
quality and the liquidity profile of the money market instruments must be taken
into account. Any re-investment of cash collateral shall be subject to the following
further restrictions and limitations:

(i) the portfolio of assets from re-investment of cash collateral shall comply with the
requirements as set out in Chapters 8.2(f) and 8.2(n) of the Code;

(ii) cash collateral received is not allowed to be further engaged in any securities
financing transactions; and

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(iii) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions.

- Encumbrances - collateral should be free of prior encumbrances; and

- Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

A description of holdings of collateral (including but not limited to a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Sub-Fund (by percentage) secured/covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Sub-Fund’s annual and interim reports for the relevant period.

5. **BORROWING AND LEVERAGE**

The powers to borrow and the terms and restrictions on borrowing including the level of borrowings which may be made for each Sub-Fund are set out in the Trust Deed, subject to any additional restrictions applicable to a particular Sub-Fund as described in the relevant Fund Specific Prospectus. The Manager may borrow up to 10% of the latest available Net Asset Value of a Sub-Fund to acquire investments, to meet redemption requests or to pay expenses relating to the relevant Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a Sub-Fund may be charged or pledged as security for any borrowings for the accounts of that Sub-Fund provided the assets so charged or pledged do not, at any time, exceed the level of the Sub-Fund’s permitted borrowing limit as set out above.

The Trustee may, at the request of the Manager, borrow for the account of a Sub-Fund any currency, and mortgage, charge or pledge assets of a Sub-Fund, for the following purposes:

(a) facilitating the creation or redemption of Units or defraying operating expenses;

(b) enabling the Manager to acquire securities for the account of such Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee (except to enhance the performance of any Sub-Fund).

6. **RISK FACTORS**

6.1 **Principal Risk Factors**

*Investors can lose money by investing in Units. Applicants should carefully consider the risk factors described below together with all of the other information included in this Trust Prospectus and refer to the relevant Fund Specific Prospectus of any particular Sub-Fund for any additional risk factors before deciding whether to invest in Units.*

*The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve a return on his investment in the Units or a return on capital invested.*
Each Sub-Fund is subject to the principal risks described below. Some or all of these risks may adversely affect a Sub-Fund's Net Asset Value, Unit price, yield, total return and/or its ability to meet its objective.

6.2 **General Risk Factors**

(a) **Market Risk**

The profitability of the investments of the Sub-Fund could be adversely affected by a worsening of general economic conditions globally or in certain individual markets. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of securities prices could significantly affect the value of the investments of the Sub-Fund. For example, when economic growth slows down, equity securities tend to decline in value; when interest rates rise, fixed income securities generally decline in value. Even if general economic conditions do not change, the value of your investment could decline if the particular industries, sectors, or companies in which the Sub-Fund invests do not perform well or are adversely affected by events.

(b) **Management Risk**

Each Sub-Fund is subject to management risk because it is an actively managed investment portfolio. The Manager's judgments about the attractiveness, relative value, or potential appreciation of a particular investment of the Sub-Fund or as to a hedging strategy may prove to be incorrect, and there can be no assurance that they will produce the desired results. The Sub-Fund will be dependent to a substantial degree on the continued service of members of the Manager. In the event of the death, disability, or departure of any such individuals, or other changes in an investment management team, the performance of the Sub-Fund may be adversely impacted.

(c) **Effect of Governmental Policy and Regulation**

The investments of the Sub-Fund can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities. Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Sub-Fund operates;
- general changes in the regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- changes in competition and pricing environments;
- further developments in the financial reporting environment; and
• expropriation, nationalization, confiscation of assets and changes in legislation relating to foreign ownership.

(d) Exchange Rates

The base currency of a Sub-Fund is not necessarily its investment currency. Investments are made in those currencies that, in the opinion of the Manager, best benefit the performance of the relevant Sub-Fund. Assets of certain Sub-Funds may be denominated in currencies other than the Sub-Fund's base currency and the currency of some assets may not be freely convertible. Such kind of Sub-Funds may be adversely affected by changes in foreign exchange rates between the currencies in which the assets of the relevant Sub-Fund are held and the Sub-Fund's base currency in which the relevant Sub-Fund is denominated. Unitholders investing in any Sub-Funds should be aware that exchange rate fluctuations could potentially cause the value of their investment to diminish or increase.

(e) Emerging and Developing Markets

Investors should note that Sub-Funds which invest in or have exposure to securities of issuers located in emerging and less developed markets could involve special considerations and risks. The special risks are those such as currency fluctuations, political risks, the risks of investing in countries or regions with smaller capital markets, price volatility and restrictions on foreign investment. Companies of the relevant markets may have standards of financial reporting, accounting and information disclosure which are not comparable to those of developed markets. Information and accounts may thus not be publicly available nor be in accordance with international standards.

Procedures currently in place for the custody, settlement, clearing and registration of securities transactions in emerging markets may be less developed than those in place in other more developed markets and thus can increase settlement risk or result in delay in realising securities and adversely affect prices. The issuers and stock exchanges and other market participants may be subject to a level of regulation which may be less than that of developed markets. Less efficient banking and telecommunications systems can give rise to delayed payments and in extreme cases could lead to dispute over the title of securities. Investments may be affected by changes in law and government policy and requirements imposed by stock exchanges such as price constraint and market suspension as well as political changes which may affect the stability of governments and markets and/or result in restrictions on foreign investment or the repatriation of monies.

(f) Counterparty and Settlement Risk

A Sub-Fund will be exposed to counterparty risk on parties (including any custodian(s)) with whom they trade and when placing cash on deposit. A Sub-Fund is also 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. If a counterparty becomes insolvent or otherwise fails to perform its obligations, the Sub-Fund may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganization proceeding, and the Manager could experience delays in liquidating the Sub-Fund’s positions and incur significant losses (including the loss of that portion of the Sub-Fund’s portfolio financed through such a transaction, a decline in value of its investment during the period in which the Manager 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). The Sub-Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. If the credit rating of such counterparty declines, the Manager may determine not to enter into transactions for the Sub-Fund with that counterparty in the future and/or to terminate any transactions currently outstanding between the Sub-Fund and that counterparty; alternatively, the Manager may in its discretion determine to enter into new transactions with that counterparty and/or to keep existing transactions in place, in which event the Sub-Fund would be subject to any increased credit risk associated with that counterparty.

A Sub-Fund will also be exposed to the risk of settlement default by a counterparty with which a Sub-Fund trades when buying and selling financial instruments (settlement risk). The risk of default of a counterparty is directly linked to the credit worthiness of the counterparty.

(g) Transactions in Financial Derivative Instruments and Collateral Risk

To the extent permitted by applicable laws and regulations and subject to otherwise stated in the Fund Specific Prospectus a Sub-Fund may seek to protect the returns from its underlying assets by using FDIs such as options, futures, warrants, forwards or swaps (including stock exchange futures). These transactions may be entered into with counterparties on an on- and off-exchange basis (over-the-counter) and may expose the Sub-Fund to counterparty risk mentioned above. The ability to use these techniques and instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in such techniques and instruments involves a high degree of risk due to the potential leverage effect. A relatively small market movement will have a proportionately larger impact which may work for or against the Sub-Fund. Also, there are transaction costs to which a Sub-Fund would not be subject if it did not use these techniques and instruments. There may be an imperfect correlation between instruments and the underlying investments or market sectors being hedged. Investments in instruments that are traded over the counter markets may involve additional liquidity risk as there is no existing market on which to close out open transactions. Therefore, such instruments may be difficult to value in the absence of a liquid market. There is the risk of default of the counterparty on the terms of these instruments and the risk of mispricing or improper valuation of these instruments. In addition, if the Manager's predictions of movements in the direction of the relevant securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a much worse position than if such techniques and instruments were not used.

The eventuation of any of the above risks could have an adverse effect on the Net Asset Value of a Sub-Fund which uses FDIs. There is also no guarantee that the use of FDIs for hedging purposes will be effective and the Sub-Fund may therefore be subject to substantial loss. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

There are also risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any FDI transactions may be affected by market events. In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are
debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund’s exposure to such counterparty to be under-collateralised. If the Sub-Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

(h) Operational Risk

The Sub-Fund's operations are carried out by the service providers described herein. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Units) or other disruptions.

(i) Concentration Risk/Single Market Investment Risk

When a Sub-Fund concentrates its investments in a particular industry, country, region or sector, financial, economic, business, regulatory and other developments affecting issuers in that industry, country, region or sector will have a greater effect on the Sub-Fund than if it had not concentrated its assets in that industry, country, region or sector, which may increase the volatility of the Sub-Fund. Any such concentration may also limit the liquidity of the Sub-Fund.

(j) Borrowing Risk

Market conditions may substantially reduce the availability of credit, which may have a material adverse effect on the Trust or the Sub-Fund's ability to achieve its investment objective with respect to any particular investment and/or the Sub-Fund's entire portfolio.

(k) Risk of Termination

The Trust and/or any Sub-Funds may be terminated in certain circumstances which are summarized under the section entitled "Termination of the Trust and/or Sub-Funds" in section 17.10 below of this Trust Prospectus. In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organizational expenses (such as establishment costs) with regard to the Trust or the relevant Sub-Fund that had not yet been fully amortized would be debited against the Sub-Fund's assets at that time.

(l) Hedging risk

A Sub-Fund may engage in FDI transactions as part of its strategy for hedging purposes. These strategies include the use of FDIs for hedging against fluctuations in the relative values of the Sub-Fund's portfolio positions as a result of changes in exchange rates, interest rates, prices of underlying funds and levels of other interest rates and prices of other securities. These instruments are volatile and may be subject to various types of risk, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risk.
There can be no guarantee that there will be a correlation between price movements in the instrument used and the underlying investments of the Sub-Fund that are being hedged through the use of the instrument. Moreover, there may be an imperfect correlation between FDIs used as hedging tools and the investments to be hedged, causing the use of a particular technique not to achieve its intended objectives. The degree of imperfection of correlation depends upon circumstances such as variations in speculative market demand, and differences between financial instruments being hedged and instruments underlying the standard contracts available for trading in such respects as interest rate levels, maturities and creditworthiness of issuers. An imperfect hedge may result in a loss of capital to the Sub-Fund. A decision as to whether, when and how to hedge involves exercise of skill and judgement, and even a well conceived hedge may be unsuccessful to some degree because of market behaviour or unexpected interest rate trends.

In addition, the use of FDIs can involve significant economic leverage and may, in some cases, involve significant risks of loss. The low initial margin deposits are normally required to establish a position in such instruments which permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin.

Also, the ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected target.

(m) Cross Liability Risk

The Trust Deed allows the Manager to issue Units in separate classes. The Trust Deed provides for the manner in which assets and liabilities are to be attributed across the various classes of Units within a Sub-Fund, where assets and liabilities attributed to the specific class of a Sub-Fund shall be applied to such specific class of Units. In the event that the assets of a class of Units are exhausted, pursuant to the Trust Deed, any and all rights which any Unitholders referable to that class have against the relevant Sub-Fund shall be extinguished and the relevant Unitholders will have no recourse against the assets of any other class of Units of the relevant Sub-Fund. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular class of Units will not be used to satisfy the liabilities of any other class of Units of the same Sub-Fund. Where the liabilities of a particular class of Units exceed the assets pertaining to that class, creditors pertaining to one class may have recourse to the assets attributed to other classes. In the event of an insolvency or termination of a Sub-Fund (i.e., when the assets of such Sub-Fund are insufficient to meet its liabilities), all assets will be used to meet the Sub-Fund's liabilities, not just the amount standing as to any individual class of Units. It is not possible to isolate the assets attributable to any one class of Units to the extent that the liabilities attributable to other classes of Units exceed the assets attributable to those respective classes of Units.

The Manager has the power to add additional Sub-Funds pursuant to the Trust Deed. Where there is more than one Sub-Fund to the Trust, each Sub-Fund of the Trust will be allocated the assets attributable to such Sub-Fund and from which will be debited liabilities specifically allocable to that Sub-Fund, respectively. The assets of a Sub-Fund are not generally available to discharge the liabilities of another Sub-Fund. However, assets of a Sub-Fund may be used to meet certain limited general liabilities of the Trust which the Manager does not consider as attributable to a particular Sub-Fund or Sub-Funds (such as formation costs, registration and filing costs in respect of the Trust) only to the extent as permitted under the Trust Deed to
discharge such liabilities from the assets of more than one Sub-Fund. There is no guarantee that the courts of any other jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Funds. In the event that the assets of the Sub-Funds are held by any other court of competent jurisdiction not to be effectively segregated, each of the Sub-Funds bears the risk of having its assets used to discharge the liabilities of or claims against any other Sub-Funds.

(n) Custodial Risk

There are risks involved in dealing with the custodians or brokers who hold a Sub-Fund's investments or settle a Sub-Fund's trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, the Sub-Fund would be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets. In recent insolvencies of brokers or other financial institutions, the ability of certain customers to recover their assets from the insolvent's estate has been delayed, limited, or prevented, often unpredictably, and there is no assurance that any assets held by the Sub-Fund with a custodian or broker will be readily recoverable by the Sub-Fund.

(o) Redemption Restriction Risk

Unitholders' redemption rights are limited subject to limitations on redemptions, suspension on redemption, delay in payment of redemption proceeds, minimum holding period and minimum holding amount as set out more particularly in this Prospectus. Unitholders may thus not be able to liquidate their investment in such circumstances in a timely manner.

(p) Significant Withdrawal Risk

A significant withdrawal of capital from a Sub-Fund may affect such Sub-Fund and its investors adversely. For example, the Sub-Fund may be required to sell its more liquid portfolio investments to meet a large redemption; the Sub-Fund's remaining assets may be less liquid, more volatile, and more difficult to price.

(q) No Dividends Risk

Whether the Manager will pay dividends on Units of a Sub-Fund is subject to the Sub-Fund’s distribution policy. There is no guarantee that any dividends will be distributed nor will there be a target level of dividend payout. A high distribution yield does not imply a positive or high return.

The ability of a Sub-Fund to pay distributions also depends on dividends declared and paid by issuers of the securities which the Sub-Fund has invested and the level of fees and expenses payable by the Sub-Fund. The ability of the issuers of securities to make dividend payments and the level of dividends, if any, declared by the issuers of securities are based on numerous factors, including their current financial condition, general economic conditions and, where applicable, their dividend policies. There can be no assurance that such companies will be able to honour payment obligations, declare dividends or make other distributions.

(r) FATCA and U.S. Tax Withholding and Reporting Requirements
FATCA is essentially designed to require reporting of U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to the U.S. Internal Revenue Service, with any failure to provide the required information resulting in a 30% U.S. withholding tax imposed on (i) withholdable payments and (ii) foreign pass-through payments. The Trust and the Sub-Funds will seek to satisfy the applicable FATCA requirements to avoid the imposition of FATCA withholding tax. However, there can be no assurance that the Trust and the Sub-Funds will be able to comply with all these requirements. In the event that the Trust and the Sub-Funds become subject to withholding tax as a result of FATCA, the Net Asset Value per Unit may be adversely affected and the Trust and the Sub-Funds may suffer significant losses, which may result in a material loss to Unitholders.

6.3 Risks Relating to Equities Securities

(a) Investment in Equity Securities

The value of a Sub-Fund may be affected by changes in the stock markets and changes in the value of individual securities. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of small companies are more sensitive to these changes than those of larger companies. This risk will affect the value of a Sub-Fund, which will fluctuate as the value of the underlying equity securities fluctuates.

The market prices of equity securities owned by a Sub-Fund may go up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements, and reduced demand for the issuer's goods or services. The values of equity securities may also decline due to general industry or market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally.

(b) Small and Micro-Cap Companies Risk

Small companies may offer greater opportunities for capital appreciation than larger companies, but they tend to be more vulnerable to adverse developments than larger companies, and investments in such companies may involve certain special risks. Such companies may have limited product lines, markets, or financial resources and may be dependent on a limited management group. In addition, such companies may have been recently organized and have little or no track record of success. The securities of small companies may trade less frequently and in smaller volumes than more widely held securities. The prices of these securities may fluctuate more sharply than those of other securities, and the Sub-Fund may experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There may be less publicly available information about the issuers of these securities or less market interest in such securities than in the case of larger companies, both of which can cause significant price volatility. Some securities of smaller issuers may be illiquid or may be restricted as to resale. Micro-cap companies may have been very recently organized and may have only limited and sources of additional capital. Their securities may be extremely volatile and may experience very limited trading markets and liquidity. Micro-cap companies may be expected to experience higher levels of failure, insolvency, and bankruptcy than many larger companies.
6.4 **Risks Relating to Fixed Income Securities**

(a) **Interest Rates**

Impact of changes in macro-economic policies (i.e. monetary policy, fiscal policy) will have an influence over capital markets affecting the pricing of fixed income securities. The value of fixed income securities held by any Sub-Fund generally will vary inversely with changes in interest rates and such variation may affect Unit prices accordingly.

(b) **Credit Rating Downgrading Risk**

An issuer of fixed income securities may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned by an internationally recognized credit rating agency to such issuer and fixed income securities issued by such issuer. Credit rating of fixed income securities reflects the issuer's ability to make timely payments of interest or principal - the lower the rating, the higher the risk of default. The adverse change in financial condition or decrease in credit rating of issuer may result in increased volatility in, and adverse impact on, the price of the relevant fixed income securities and negatively affect liquidity, making any such fixed-income security more difficult to sell.

(c) **Valuation Risk**

Fixed income securities (including corporate bonds and commercial paper) are subject to the risk of mispricing or improper valuation, i.e. operational risk that the fixed income securities are not priced properly. Valuations are primarily based on the valuations from independent third party sources where the prices are available, accordingly, valuations may sometimes involve uncertainty and judgemental determination and independent pricing information may not be available at all times. In the event of adverse market conditions where it is not possible to obtain any reference quotation from the market, the latest available quotations of the bond or commercial paper or the quotation of other bonds or commercial paper with very similar attributes may be used to estimate the fair market value. Such valuation methodology may not be equal to the actual liquidation price due to liquidity and size constraints. If valuation is proven to be incorrect, this will affect the Net Asset Value calculation of the Sub-Fund.

(d) **Lower-Rated Securities Risk**

Where a Sub-Fund will invest in high yield, high risk fixed-income securities (including bonds) that are rated in the lower rating categories below investment grade or which are unrated, such fixed-income securities are considered to be subject to greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. Lower-quality debt securities tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality debt securities. The market for lower quality debt securities can be less liquid than for higher quality debt securities, especially during periods of recession or general market decline.
6.5 Risks of Investing in Other Funds

A Sub-Fund may invest in other funds. In addition to the fees and charges charged by the Sub-Fund, investors should note that there are fees involved when investing in these underlying funds. There is no assurance that the investment objective and strategy of these underlying funds will be achieved despite the selection and monitoring process undertaken by the Manager. If the Sub-Fund invests in other funds managed by the Manager or its Connected Persons, all initial charges and redemption charges on the underlying fund must be waived, and the Manager or any person acting on behalf of the Sub-Fund or the Manager must not obtain rebate of any fees or charges levied by the underlying fund. If any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

6.6 Risk Factors in Relation to a Sub-Fund which Invests in Securities of Issuers Located in or Associated with Mainland China

In recent years the Mainland Chinese government has implemented economic reform measures which emphasize decentralization and the utilization of market forces in the development of the Mainland Chinese economy. Although many of such reforms have resulted in significant economic growth and social progress, some of them are unprecedented or experimental and are subject to adjustment. Further adjustment of the reform measures may be made and it is uncertain how such reforms will impact on the stock markets as well as the performance of a Sub-Fund.

Companies in Mainland China are required to follow the Mainland Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. The financial statements prepared by accountants following the Mainland Chinese accounting standards and practice may differ from those prepared in accordance with international accounting standards.

The Mainland Chinese government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade, however, these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties.

6.7 Risks Relating to the Liquidity of a Sub-Fund

(a) Inability to Meet Redemption Obligations

The investments of the Sub-Funds are exposed to and may be affected by adverse changes to global and regional economic, geo-political and financial conditions. Some of the markets in which a Sub-Fund invests may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. As Unitholders may redeem some or all of their Units on any Dealing Day, there may be a mismatch between the liquidity of the Sub-Fund's underlying investments and its redemption obligations. There is no assurance that there will be an active, liquid trading market for a Sub-Fund to sell portfolio investments (in particular where the Sub-Fund has invested in fixed income and other assets that tend to be temporarily less liquid), or the price at which the portfolio investments may be sold at to meet redemption obligations. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund’s ability to acquire or dispose of such securities at
their intrinsic value. Sub-Funds may encounter difficulties in valuing and/or disposing of assets at their fair price due to adverse market conditions and/or large-scale redemptions. Under such volatile and stressed market conditions, a Sub-Fund may not be able to meet its redemption obligations or may only be able to meet them after liquidation of assets on unfavourable terms (such as at a substantial discount) and the Sub-Fund may suffer losses in trading such investments. As a result, this may have adverse impact on the relevant Sub-Fund and its investors. This risk is heightened where there is a significant withdrawal of capital from a Sub-Fund.

(b) Adverse Impact of Withdrawal on Remaining Unitholders and Redemption Cycle

Any actions taken by the Manager to meet redemption obligations such as selling a Sub-Fund's more liquid portfolio investments may have an adverse impact on remaining Unitholders. Remaining Unitholders may bear the cost of any increase in the risk profile of the Sub-Fund as a result of asset disposals to meet redemption requests or of any subsequent portfolio rebalancing. The impact on Unitholders will depend on the volume of redemptions, the purchase and sale price of assets and the final composition of the Sub-Fund.

If redeeming Unitholders do not bear the full costs of redemption, Unitholders may be incentivized to be the first to redeem their Units ahead of other Unitholders. This first mover advantage may potentially trigger a significant cycle of redemptions that exacerbate the liquidity stress of the Sub-Fund.

(c) The Manager's Risk Management Policies and Procedures May Not Adequately Address Unidentified or Unanticipated Risks

To safeguard the interests and fair treatment of all Unitholders, the Manager has established comprehensive risk management policies and procedures to manage and mitigate the Sub-Funds' exposure to significant market, liquidity and operational risks. The Manager devotes significant resources to monitor liquidity risks and utilize liquidity management tools where necessary. For a description of the liquidity risk management tools, policies and procedures, please see section 17.13 of this Trust Prospectus.

However, the Manager's risk management systems are dependent on their ability to properly identify and mark-to-market the changes in the value of investments. Inaccurate information may adversely affect the ability of the Manager to accurately assess the liquidity risk. In addition, risks such as severe declines in asset prices, unanticipated credit events or unforeseen circumstances may not be properly accounted for. The Sub-Funds may suffer greater losses to the extent that the Manager's assumptions, estimates and assessments prove inaccurate or not predictive of actual results. This may, in turn, have an adverse effect on the Sub-Funds' ability to meet their redemption obligations.

6.8 Risks Associated with Stock Connect

What is the Stock Connect?

The Stock Connect is a securities trading and clearing linked programme developed by the HKEX, the SSE, the SZSE and the CSDCC, with an aim to achieve mutual stock market access between Mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and securities trading service companies (in Shanghai and Qianhai Shenzhen respectively) established by the Stock Exchange and the HKSCC, are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through Mainland Chinese securities firms and securities trading service companies established by the SSE and the SZSE, are able to trade eligible shares listed on the Stock Exchange by routing orders to the Stock Exchange.

**Eligible securities**

Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (the “SSE Securities”) and the SZSE market (the "SZSE Securities"). SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on the Stock Exchange, except the following:

a) SSE-listed shares which are not traded in RMB; and

b) SSE-listed shares which are included in the “risk alert board”.

SZSE Securities will include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed A-Shares which have corresponding H shares listed on Stock Exchange, except the following:

a) SZSE-listed shares which are not traded in RMB; and

b) SZSE-listed shares which are included in the “risk alert board”.

At the initial stage of Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors. Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

It is expected that the list of eligible securities will be subject to review.

**Trading day**

Investors (including the Sub-Fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

**Trading quota**

Trading under the Stock Connect will be subject to a daily quota ("Daily Quota"), which will be separate for Northbound and Southbound trading, for each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Daily Quota limits
the maximum net buy value of cross-boundary trades under the Stock Connect each day. The
quotas do not belong to any Sub-Fund and are utilised on a first-come-first-serve basis. The
Stock Exchange monitors the quota and publishes the remaining balance of the Northbound
Daily Quota at scheduled times on the HKEX’s website. The Daily Quota may change in
future. The Manager will not notify investors in case of a change of quota.

A Sub-Fund’s investments through the Stock Connect may be subject to the following risks:

(a) Quota Limitations

The Stock Connect is subject to quota limitations. In particular, once the remaining balance
of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded
during the opening call session, new buy orders will be rejected (though investors will be
allowed to sell their cross-boundary securities regardless of the quota balance). The Sub-
Fund’s ability to invest in A-Shares through the Stock Connect may be affected.

(b) Suspension Risk

It is contemplated that both the Stock Exchange and the SSE would reserve the right to
suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair
market and that risks are managed prudently. Consent from the relevant regulator would be
sought before a suspension is triggered. Where a suspension in the Northbound trading is
effected, the Sub-Fund’s ability to access Mainland Chinese market through the Stock
Connect will be adversely affected.

(c) Differences in Trading Day

The Stock Connect will only operate on days when both Mainland China and Hong Kong
markets are open for trading and when banks in both markets are open on the corresponding
settlement days. So it is possible that there are occasions when it is a normal trading day for
Mainland Chinese market but Hong Kong investors (such as the Sub-Fund) cannot carry out
any A-Shares trading.

(d) Operational Risk

The Stock Connect provides a new channel for investors from Hong Kong and overseas to
access the Mainland Chinese stock market directly. Market participants are able to
participate in this programme subject to meeting certain information technology capability,
risk management and other requirements as may be specified by the relevant exchange and/or
clearing house. Market participants may need to address issues arising from the differences
on an on-going basis.

Further, the “connectivity” in the Stock Connect requires routing of orders across the border.
This requires the development of new information technology systems on the part of the
Stock Exchange and exchange participants. There is no assurance that the systems of the
Stock Exchange and market participants will function properly or will continue to be adapted
to changes and developments in both markets. In the event that the relevant systems fail to
function properly, trading in both markets through the programme could be disrupted.

(e) Recalling of Eligible Stocks
If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Sub-Fund’s tracking of the Index if, for example, a constituent of the Index is recalled from the scope of eligible stocks.

(f) Clearing and Settlement Risk

The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfill the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC’s liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

(g) Regulatory Risk

The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. The regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished.

(h) No Protection by Investor Compensation Fund

The Sub-Fund’s investments through the Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund. Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in Stock Exchange or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not Mainland Chinese brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in Mainland China. Therefore the Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in A-Shares through the programme.

7. MANAGEMENT AND ADMINISTRATION

7.1 Manager

UBS Asset Management (Hong Kong) Limited (CE number: AGP568) is the Manager of the Trust. It was incorporated in Hong Kong on 9 April 1992 and has its principal office at Levels 45-52, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The
Manager is licensed by the SFC to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) regulated activities under the SFO.

The Manager’s Type 9 licence is subject to the following condition:

The licensee shall not hold client assets. The terms "hold" and "client assets" are as defined under the SFO.

The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of each Sub-Fund, unless stated otherwise in this Prospectus. Without limiting the other powers mentioned in this Prospectus and subject to the provisions of the Trust Deed, the Manager may purchase and sell investments for the account of any Sub-Fund and enter into such contracts including sale and purchase agreements, loans and broker and trading agreements in accordance with the Trust Deed, as it deems appropriate for the performance of its role as Manager. The Manager is a member of the asset management business division of UBS Group AG.

The appointment of the Manager may be terminated in the circumstances set out in the Trust Deed. Among other things, the Manager is subject to removal by notice in writing from the Trustee in any of the following events:

(a) if the Manager goes into liquidation (other than voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously notified in writing to the Trustee), or shall be adjudged bankrupt or insolvent or appoints liquidators or has a receiver appointed over any of its assets;

(b) if for good and sufficient reason, the Trustee is of the opinion and so states in writing to the Manager that a change of Manager is desirable in the interests of the Unitholders;

(c) for so long as the Trust and/or a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, if a Unitholder or Unitholders who is or between them are registered as holding in aggregate 50% or more in value of the Units outstanding (for which purpose Units held or deemed to be held by the Manager in relation to any Sub-Fund established before 14 September 2018 shall not be regarded as being outstanding) delivers or deliver to the Trustee in writing a request to dismiss the Manager; or

(d) if the Manager has ceased to be appropriately licensed by the SFC to perform its obligations under the Trust Deed.

For so long as the Trust and/or a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, (i) the Trustee shall inform the SFC of any decision to remove the Manager, and (ii) the Manager must retire when the SFC withdraws its approval to act as the management company of the Trust.

The directors of the Manager are:

- **John BRADSHAW**

  John Bradshaw is responsible for managing the UBS O'Connor Business across the Asia Pacific region and is a Managing Director of UBS Asset Management ("UBS
AM") which he joined in April 2012. Mr. Bradshaw is a member of the UBS AM Asia Pacific Management Committee as well as being a Responsible Officer under the SFO.

Prior to joining UBS AM, he worked at UBS Investment Bank between 2005 and 2011 managing 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 started his career in 1991 for SG Warburg in London and has 27 years banking experience including 24 years focused on equity trading and risk management.

- Markus Peter EGLOFF

Markus Peter Egloff is responsible for the Wholesale business across the Asia (ex-Japan) region at UBS AM. In this capacity, he is responsible for driving the wholesale sales strategy, leading the wholesale sales, client service and marketing efforts as well as providing investment and service advice to wholesale clients in the Asia (ex-Japan) region. Mr. Egloff, appointed as Head, Asset Management Hong Kong in January 2018, is responsible for the governance and management of the region. Mr. Egloff is a member of the UBS Asset Management Asia Pacific Management & Risk Committee, UBS Asia Pacific Client Committee as well as Hong Kong Management Committee. Prior to joining UBS AM in 2015, Mr. Egloff was the Chief of Staff for UBS Wealth Management in Hong Kong responsible for strategy, operations and risk management. Mr. Egloff was the Head of Sales Management for UBS Wealth Management in Asia Pacific. He moved to Asia in 2006 to support UBS Wealth Management's expansion in the region and held various leadership roles across product, sales and client functions. Mr. Egloff has 21 years of banking and investment experience and has graduated with a degree from the University of Applied Sciences in Zurich, Switzerland.

- David HANZL

David Hanzl joined the Manager as the Chief of Staff APAC & Head Regional Operating Office in September 2014. He is a board member of UBS Hana Korea and the Manager. In addition, he is the Chair of UBS Asset Management APAC’s Front to Back (F2B) Committee and a member of the UBS Asset Management Operating Committee (global), the UBS Asset Management APAC Management Committee and the UBS APAC Operating Committee (until it was dissolved in 2018).

Mr. Hanzl joined UBS AG (Zurich office) in 1995 as an Apprentice and became a JUNA Program (UBS Zurich Trainee Program) participant in 1998; he subsequently moved into different roles and divisions. Mr. Hanzl then moved to Hong Kong in 2008 to become a Client Advisor in the Asian Clients High Networth and Ultra High
Networth teams in the Wealth Management Division. In July 2010, Mr. Hanzl assumed the Portfolio Specialist role covering the Ultra High Networth and SEA Markets in Investment Platforms & Services of the Wealth Management Division. In July 2011, he moved on to assume the Head Fund Advisory Center Asia role.

7.2 Trustee and Registrar

The trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee also acts as the Registrar of each Sub-Fund, and provides transfer agency services to the Trust and the Sub-Funds, including, without limitation, processing applications for the subscription, switching and redemption of the Units, including verifying the identity of applicants in accordance with applicable anti-money laundering legislation and establishing and maintaining the register of Unitholders. The Trustee may change the arrangements described above by agreement with the Registrar, or appoint an alternative registrar and/or transfer agent.

The Trustee was incorporated with limited liability in Hong Kong on 27 September 1974. It is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public company incorporated in England. It is registered as a trust company under the Trustee Ordinance and is an approved trustee under the Mandatory Provident Fund Schemes Ordinance.

The Trustee shall be responsible for the safekeeping of the investments, assets and other property forming part of the Trust in accordance with the provisions of the Trust Deed and, to the extent permitted by law, such investments, assets and other property shall be dealt with as the Trustee may think proper for the purpose of providing for the safekeeping thereof, subject to the provisions of the Trust Deed.

Subject to the provisions of the Trust Deed, the Trustee may, from time to time, as it thinks fit or at the direction of the Manager where the Trustee has no discretion in the choice of such delegate due to applicable laws and regulations of the relevant jurisdiction, permit any nominee, delegate, agent or other person (including a Connected Person of the Trustee) appointed to hold, as Custodian, delegate, nominee or agent, all or any of the investments, assets or other property comprised in the Trust or any of the Sub-Funds and may, upon such terms as may be determined by the Trustee, empower any such person to appoint sub-custodians provided that such appointment shall be made (i) with the prior consent in writing of the Trustee, (ii) with the Trustee's agreement in writing, or (iii) with no objection in writing by the Trustee (each such custodian, delegate, nominee, agent, other person and sub-custodian a "Correspondent") provided that no such Correspondent shall be appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets (which shall not include Hong Kong or Mainland China).

In relation to the assets of the Trust, the Trustee shall remain liable for the acts and omissions of (i) any Correspondent which is a Connected Person of the Trustee, and (ii) any Correspondent which is not a Connected Person of the Trustee in respect of such market or markets as set out in Schedule 14 to the Trust Deed as updated by the Trustee and notified by the Trustee to the Manager prior to any change from time to time.

For so long as the Trust and/or a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee (other than,
in relation to any act or omission of such Correspondent, being appointed in relation to the Trust Fund Assets (as defined in the Trust Deed) in respect of certain markets as specified in Schedule 14 to the Trust Deed) provided that the Trustee (i) has exercised reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such Correspondent; and (ii) is satisfied that such Correspondent retained remains suitably qualified and competent on an ongoing basis to provide the relevant service to the relevant Sub-Fund.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of or be liable for any loss or damage caused by (1) a Correspondent which is not a Connected Person of the Trustee provided that the Trustee has discharged its obligations set out in (i) and (ii) in the preceding paragraph; or (2) any securities depository or clearing settlement system including without limitation Euro-clear Clearing System Limited or Clearstream Banking, S.A..

Subject as provided in the Trust Deed, the Trustee for itself (including without limitation as Trustee and (if applicable) as Registrar, and as trustee for its directors, officers and employees) is entitled to be indemnified and held harmless out of the assets of the relevant Sub-Fund from in respect of any (in addition to any right of indemnity given by law) actions, costs, claims, damages, expenses, demands or liabilities to which it (or they) may be put to or may incur by virtue of the proper performance of the Trustee’s duties under the Trust Deed.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a U.S. person, would be subject to sanctions by The Office of Foreign Assets Control (the "OFAC") of the U.S. Department of the Treasury. The OFAC administers and enforces economic sanction programmes primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent “prohibited transactions”, which are described by OFAC as trade or financial transactions and other dealings in which U.S. persons may not engage unless authorized by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general licence for certain categories of transactions, or by specific licences issued on a case-by-case basis. HSBC group of companies has adopted a policy of compliance with the sanctions issued by OFAC. As part of its policy, the Trustee may request for additional information if deemed necessary.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed. Among other things, the Trustee is subject to removal by not less than three months written notice (save in relation to a termination pursuant to sub-paragraph (a) below when such notice shall come into effect upon service of such notice) given by the Manager in any of the following events:

(a) if the Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation previously approved in writing by the Manager) or if a receiver is appointed over any of its assets;

(b) if a Unitholder or Unitholders who is or between them are registered as holding in aggregate 50% or more in value of the Units outstanding (other than those held or deemed to be held by the Manager) delivers or deliver to the Manager in writing a request that the Trustee retires; or
if the Manager wishes (without being obliged to give any reason) to appoint a new trustee.

Notwithstanding the giving or the terms of such notice, the Trustee shall not be removed, retire or cease to act as such unless and until the Manager has, by a supplemental deed to the Trust Deed, appointed a qualified corporation to be the trustee in place of the Trustee being retired or removed, which deed shall provide (inter alia) that the retiring or removed Trustee shall be paid any outstanding Trustee fee and other fees and expenses payable to the Trustee under the Trust Deed or applicable laws. Upon such deed or deeds being entered into and upon payment to the new trustee of all sums due or accrued by the retiring or removed Trustee to the Trust under the Trust Deed at the date thereof the retiring or removed Trustee shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Manager or of any other person in respect of any act or omission of the retiring or removed Trustee prior to such retirement or removal.

The Trustee is entitled to the fees set out below under "Charges and Expenses" in section 15 below of this Trust Prospectus.

The Trustee will not be liable for losses caused by the performance of investments made by the relevant Sub-Fund. The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Sub-Fund(s). The Manager is responsible for making investment decisions in relation to the Trust and/or each Sub-Fund. The Trustee will not be responsible or have any liability for any investment decision or any borrowing decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Trust Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organization, sponsorship or investment management of the Trust or the Sub-Funds. Neither the Trustee nor its delegate is responsible for the preparation of this Trust Prospectus and therefore they accept no responsibility for any information contained in this Trust Prospectus other than information relating to themselves and the HSBC Group.

7.3 Custodian

The Trustee acts as the Custodian of the Trust and the Sub-Funds upon the establishment of the Trust.

7.4 Investment Manager

The Manager may delegate investment management and advisory functions for each Sub-Fund to one or more Investment Managers (as permitted and subject to the terms of the Trust Deed) and where applicable as set out further in the Fund Specific Prospectus.

For so long as a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, no transfer of the investment management functions in relation to such Sub-Fund shall take effect without the prior approval of the SFC and one month's prior notice (or such other notice period as permitted or provided under applicable laws and regulatory requirements) to the Unitholders of such Sub-Fund.
7.4.1 UBS Asset Management Switzerland AG

UBS Asset Management Switzerland AG is appointed by the Manager to act as the Investment Manager to UBS (HK) Fund Series - Systematic Allocation Portfolio Medium Classic (USD). UBS Asset Management Switzerland AG is a company incorporated with limited liability in Switzerland on 3 December 2018. UBS Asset Management Switzerland AG is authorized and regulated by the Financial Market Supervisory Authority in Switzerland.

7.5 Investment Advisors

UBS Asset Management (Singapore) Ltd is appointed by the Manager to act as investment advisor to UBS (HK) Fund Series – China High Yield Bond (USD). UBS Asset Management (Singapore) Ltd was incorporated with limited liability in Singapore on 17 December 1993. UBS Asset Management (Singapore) Ltd is authorized and regulated in Singapore in the conduct of its investment business by the Monetary Authority of Singapore and is part of the Asset Management Business Division of UBS Group AG. UBS Asset Management (Singapore) Ltd will not be delegated with the investment management functions for UBS (HK) Fund Series – China High Yield Bond (USD).

UBS AG, Hong Kong branch and UBS AG, Singapore branch are appointed as investment advisors to UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD). UBS AG, Hong Kong branch and UBS AG, Singapore branch are branches of UBS AG respectively. UBS AG is a company incorporated with limited liability in Switzerland on 28 February 1978 and is authorized and regulated by the Financial Market Supervisory Authority in Switzerland. UBS AG, Hong Kong branch is regulated as a licensed bank with the Hong Kong Monetary Authority and are registered for, amongst others, the following regulated activities with the SFC: Dealing in Securities, Advising on Securities and Asset Management. UBS AG, Singapore branch holds a wholesale banking license with the Monetary Authority of Singapore and are authorized to, amongst others, advising on Securities and Collective Investment Schemes, as well as carrying out Fund Management activities.

UBS Asset Management (UK) Limited is appointed as investment advisor to UBS (HK) Fund Series – Global Select Equity (USD) and UBS (HK) Fund Series – Global High Yield Bond (USD). UBS Asset Management (UK) Limited was incorporated as a private limited company under English law on 19 February 1981. UBS Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority of the United Kingdom and is part of the Asset Management Business Division of UBS Group AG. UBS Asset Management (UK) Limited will not be delegated with the investment management functions for UBS (HK) Fund Series – Global Select Equity (USD) and UBS (HK) Fund Series – Global High Yield Bond (USD).

7.6 Authorized Distributors

The Manager may appoint one or more Authorized Distributor(s) to market, promote, sell and/or distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or conversion of Units.
The Manager may pay or share any of the fees received by it (including any subscription charge, redemption charge, conversion charge, management fee and/or service fee) with such Authorized Distributors. For the avoidance of doubt, any fees, costs and expenses payable to the Authorized Distributor(s) arising out of any advertisement or promotional activities in connection with the Trust or the Sub-Fund(s) will not be paid from the assets of the Trust or the Sub-Fund(s).

7.7 **Other Service Providers**

The Trustee or the Manager may appoint other service providers to provide services in respect of a Sub-Fund. Details of such other service providers (if any) are set out in the relevant Fund Specific Prospectus.

8. **ISSUE OF UNITS**

8.1 **Form of Units**

Units will be in registered form. Unit certificates will not be issued.

Fractions of up to three decimal places of a Unit will be issued (where the fourth decimal place is "5" or above, the number shall be rounded upwards) unless otherwise specified in the relevant Fund Specific Prospectus. Application moneys representing smaller fractions of a Unit (i.e. more than three decimal places of a Unit) will be retained by the relevant Sub-Fund.

Upon issue, and subject to the provisions of this Prospectus and the Trust Deed, Units of a Sub-Fund are entitled to participate equally in the profits of the relevant Sub-Fund.

Units do not carry any preferential or pre-emptive rights. Unitholders are not entitled to any vote in respect of fractions of Units but are entitled to participate in the liquidation proceeds.

Upon the death of a Unitholder, the Registrar reserves the right to require the provision of appropriate legal documentation in order to verify the rights of all and any successors in title to Units.

9. **SUBSCRIPTION FOR UNITS**

9.1 **Issue Price**

Units of a Sub-Fund will initially be offered to applicants on the terms described in the relevant Fund Specific Prospectus. Units of a Sub-Fund will be distributed by Authorized Distributors.

Thereafter, each Unit will be available for issue on each Dealing Day at its Net Asset Value per Unit (for further details, see "Calculation of Net Asset Value" in section 13 below of this Trust Prospectus) calculated as at the Valuation Point subject to a subscription charge as set out in the relevant Fund Specific Prospectus and any fiscal and purchase charges.

The Sub-Fund’s Net Asset Value per Unit may be adjusted by virtue of fiscal and purchase charges to compensate the Sub-Fund for any dilution in a Sub-Fund’s Net Asset Value as a result of a large volume of applications from Unitholders, or a large application request by any Unitholder, on any Dealing Day, as described in section 13.1 of this Trust Prospectus. The Manager will only make such adjustment, after consultation with the Trustee, with a
view to protecting the interests of the Unitholders. A Sub-Fund shall be entitled to retain the benefit of any rounding adjustment arising on calculation of subscription.

9.2 Minimum Subscription and Minimum Holding

Applicants should refer to the Fund Specific Prospectus for the minimum subscription amount that must be subscribed for the Units and the minimum holding of Units of the relevant Sub-Fund.

The Manager may, at its absolute discretion, waive or modify these minimum limits.

9.3 Application Procedure

When an investor submits the application form via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the application deadline of the relevant Sub-Fund as specified in the relevant Fund Specific Prospectus.

Application for Units is made by completing an application form available from the Manager and returning it to the Registrar (directly or via the Authorized Distributor(s)) in the manner described on the application form or other written or electronic means specified by the Manager and the Trustee. The signed originals of any application instruction sent by facsimile must be mailed or sent to the Registrar (directly or from the Authorized Distributor(s)) by hand, together with the supporting documentation described on the application form, except where the requirement for the original is waived by the Manager and the Trustee.

Application forms for the subscription of Units during the Initial Offer Period must be received by the Registrar (directly or via the Authorized Distributor(s)) no later than 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the last Business Day of the Initial Offer Period or as otherwise specified in the relevant Fund Specific Prospectus, and the required subscription monies in cleared funds in full must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later time or date as the Manager may determine). Units will be issued following the close of the Initial Offer Period. If the application forms and/or application monies in cleared funds (subject to the Manager’s discretion to rely upon and accept application forms for the subscription of units received, even prior to the receipt of application monies) are received after the Initial Offer Period deadline, the relevant applications shall be carried forward to the next Dealing Day and shall be dealt with at the Issue Price at such Dealing Day.

Following the close of the Initial Offer Period, application instructions received by the Registrar (directly or via the Authorized Distributor(s)) by the dealing deadline on a Dealing Day will be dealt with on that Dealing Day. If an application for the subscription of Units is received after the dealing deadline in respect of a Dealing Day, the application will be carried forward to the next Dealing Day provided that the Manager may, in the event of system failure which is beyond the reasonable control of the Manager or events of natural disaster and with the approval of the Trustee after taking into account the interests of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept an application in respect of a Dealing Day which is received after the dealing deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the
Trustee's reasonable opinion, the Trustee's or the Registrar's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application. Subscription monies in cleared funds must be received by the Registrar on or before the third Business Day following the relevant Dealing Day or such later date as determined by the Manager.

Where subscription of Units is through an Authorized Distributor, Units may be registered in the name of a nominee company through whom the applicant subscribes for Units. As a result of this arrangement, the underlying applicant will be dependent on the nominee company in whose name applicant's Units are registered to take action on its/his/her behalf and the nominee company shall be deemed to be the holder of the Units for all legal purposes and has full authority to act on behalf of the underlying applicant.

After the Initial Offer Period, applications for Units in the Sub-Fund received by the Registrar (directly or from the Authorized Distributor(s)) before the application deadline on any Dealing Day will usually be effected at the Net Asset Value per Unit of the relevant Sub-Fund (for further details, see "Calculation of Net Asset Value" in section 13 below of this Trust Prospectus) calculated as at the relevant Valuation Point plus the subscription charge, if any, and each amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. A correctly completed application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the application deadline on any Dealing Day, or on any day that is not a Dealing Day, will usually be processed on the next Dealing Day.

Investors should confirm the relevant cut-off time with their Authorized Distributor(s) if they choose to submit the application form through such an Authorized Distributor. Application monies are invested net of any bank charges.

None of the Trustee, the Manager, the Registrar or any other related parties or any authorized agents or delegates accepts any responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or other written or electronic means or for any loss caused in respect of any action taken as a consequence of such instructions sent by facsimile or other written or electronic means believed in good faith to have originated from properly authorized persons.

The Manager reserves the right to reject, in whole or in part, any application without giving any reason. In the event that an application is rejected, application monies will be returned without interest by telegraphic transfer to the person(s) entitled to payment.

No later than the end of the seventh following calendar day after being registered as the holder in respect of any Units applied for, the Registrar shall send written confirmation to the applicant (or the first named in the case of joint applicants) of its or their entry on the register of Unitholders.

Subject to the matters referred to in this section (and the section entitled "Anti-Money Laundering Regulations" in section 17.12 below of this Trust Prospectus), applications for Units will normally be processed immediately upon receipt by the Registrar.
9.4 Payment Procedure

Applicants should refer to the Fund Specific Prospectus for the base currency of each Sub-Fund and details of the currency in which payments can be made with respect to the relevant class of Units. Payments must be paid in the relevant currency. However, the Manager reserves the right and in its discretion to accept payment in other currencies from any Unitholder, in which case the number of Units to be issued shall be calculated based on an exchange rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange, convertibility, repatriation and exchange control restrictions. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Payments for Units can be made by telegraphic transfer only. Any costs of transfer of application moneys to a Sub-Fund will be payable by the applicant.

All monies for the subscription of Units must originate from an account held in the name of the applicant. Third party payment of application monies is not allowed.

The Trustee will not process applications if subscription moneys are remitted from an account not in the applicant's name.

Applications will generally be accepted on a Dealing Day only if application moneys have been received on or prior to the application deadline of such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, at the sole discretion of the Manager, a Sub-Fund may rely upon application orders received and may issue Units to investors according to such orders and invest the expected application amounts. If payment in full in cleared funds is not received by the Initial Offer Period deadline one (1) Business Day after the last Business Day of the Initial Offer Period, or within three (3) Business Days following the relevant Dealing Day of subsequent subscription applications (or such other date as the Manager shall determine and notify the relevant applicant), the Manager reserves the right to cancel the transaction. In such circumstances, the Manager or the Trustee may charge a cancellation fee to represent administrative costs incurred in processing an application and may require the defaulting applicant to pay compensation for any loss directly or indirectly resulting from the failure by the applicant to make good settlement by the settlement date. Such charge may include, but is not limited to, the difference between the prices at issue and at cancellation of the Units concerned.

In order to avoid possible delays a copy of the remittance instruction should be enclosed with the application and the relevant remitting bank should be instructed to advise the owner of the account into which the funds are being remitted and the full name of the investor on whose behalf the payment is made should be indicated. The Trustee and the Manager reserve the right to delay the acceptance of any such application pending receipt of such information.

Investors should carefully note the payment instructions set out on the application form.

Neither the Trustee nor the Manager shall be responsible for reconciling remittances where problems occur in the transmission, or as a result of inadequate or incorrect details on the transfer instructions. Bank charges in connection with a telegraphic transfer may be deducted from the proceeds of the transfer by the remitting bank, correspondents, agents or sub-agents, and the receiving bank may also deduct bank charges from the remittance. The amount
invested will therefore be the net amount of money actually received into the Trust's account, following the deduction of all relevant charges.

No money should be paid to an intermediary in Hong Kong which is not licensed or registered to carry on Type 1 Regulated Activity (dealing in securities) under Part V of the SFO.

Applicants should refer to the Fund Specific Prospectus for further details.

9.5 Exchange for Units in specie

Notwithstanding the foregoing, the Manager has the discretion (after consultation with the Trustee), subject to obtaining the prior consent of the relevant subscribing Unitholder, to effect the issue of Units to an applicant by way of exchange for securities and, where applicable, payment of such amount of cash equal to the difference between the Issue Price at the Valuation Point on the Dealing Day on which the application is accepted or treated as having been accepted and the value of the securities exchanged in specie for those Units, in accordance with the Trust Deed.

10. REDEMPTION OF UNITS

10.1 Redemption of Units

A Unitholder may redeem all or some of its Units in whole on any Dealing Day, subject to the minimum redemption amount as set out in the Fund Specific Prospectus or the amount imposed by his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding as set out in the Fund Specific Prospectus remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding as set out in the Fund Specific Prospectus, the Manager may decide that the request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it to the Registrar (directly or via the Authorized Distributor(s)) in the manner described on the redemption form or other written or electronic means specified by the Manager and the Trustee. The signed originals of any redemption instruction sent by facsimile must be mailed or sent to the Registrar (directly or via the Authorized Distributor(s)) by hand, except where the requirement for the original is waived by the Manager and the Trustee.

10.2 Redemption Amount

Units redeemed on a Dealing Day will be redeemed at the redemption price based on their Net Asset Value per Unit applicable to that Dealing Day less the redemption charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. The Sub-Fund's Net Asset Value per Unit may be adjusted by the Manager by virtue of fiscal and sales charges to compensate the Sub-Fund for any dilution in the Sub-Fund's Net Asset Value as a result of a large volume of redemptions by Unitholders, or a large redemption request from any Unitholder, on any Dealing Day, as described in section 13.1 of this Trust Prospectus. The Manager will only make such adjustment, after consultation with the Trustee, with a view to protecting the interests of the Unitholders. A Sub-Fund shall be entitled to retain the benefit of any rounding adjustments arising from the calculation of redemption prices.
On the Dealing Day on which the redemption is effected, the corresponding Units will be cancelled. Any taxes, commissions and other fees incurred in the respective countries/jurisdictions in which Units are redeemed and, where so specified in the relevant Fund Specific Prospectus, a redemption charge will be charged out of the redemption proceeds payable. The redemption charge will be for the account of the Manager.

10.3 Redemption Procedure

When an investor submits the redemption request via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the relevant Sub-Fund as specified in the relevant Fund Specific Prospectus.

A redemption request must be given by completing a redemption form available from the Manager and returning it to the Registrar (directly or via the Authorized Distributor(s)) in the manner described on the redemption form or other written or electronic means specified by the Manager and the Trustee, specifying the number of Units to be redeemed, the name of the registered Unitholder(s) and payment instructions for the redemption proceeds. Failure to provide any of the required information may result in delay of such application for redemption whilst verification is being sought from the Unitholder.

A redemption request given by facsimile or other written or electronic means may be accepted by prior arrangement with the Manager and on the terms and conditions required by the Manager and the Trustee. Where redemption requests by facsimile or other written or electronic means are accepted, Unitholders will be required to indemnify the Manager and Trustee against any loss, cost, proceeding, action, claim or other liability of any nature whatsoever arising directly or indirectly as a result of reliance upon such instructions. The Manager and Trustee may rely conclusively upon, and shall incur no liability, in respect of any action taken as a consequence of such instructions believed in good faith to be signed by properly authorized persons.

Subject to the provisions under “Suspension of Dealing” in section 13.2 below of this Trust Prospectus, applications for redemption will be considered as binding and irrevocable by the Manager and the Trustee.

None of the Trustee, the Registrar, the Manager or any other related parties or any authorized agents or delegates accepts any responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or other written or electronic means or for any loss caused in respect of any action taken as a consequence of such instructions by facsimile or other written or electronic means believed in good faith to have originated from properly authorized persons.

Redemption requests for Units in a Sub-Fund received by the Registrar (directly or via the Authorized Distributor(s)) prior to the redemption deadline as specified on the relevant Fund Specific Prospectus on a Dealing Day will be processed on that Dealing Day and Units will be redeemed at the Net Asset Value per Unit (for further details, see “Calculation of Net Asset Value” in section 13.1 below of this Trust Prospectus) calculated as at the Valuation Point in respect of that Dealing Day less the redemption charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Registrar (directly or via the Authorized Distributor(s)) after the redemption
deadline on a Dealing Day, or on a day which is not a Dealing Day, will be processed on the next Dealing Day.

Notwithstanding the immediately preceding paragraph, the Manager may in the event of system failure which is beyond the reasonable control of the Manager or events of natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept a redemption request in respect of a Dealing Day which is received after the redemption deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee’s or the Registrar’s operational requirements cannot support accepting any such redemption request, the Manager shall not exercise its discretion to accept any redemption request.

Investors should confirm the relevant cut-off time with the Authorized Distributor(s) if they choose to submit the redemption request through such a distributor.

10.4 Payment of Redemption Proceeds

Redemption proceeds will not be paid to any redeeming Unitholder until:

(a) a valid redemption request (including the original written redemption request duly signed by the Unitholder unless the requirement of the original is waived by the Manager and the Trustee) has been received by the Registrar;

(b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Registrar; and

(c) the Unitholder has produced all documents or information required by the Trustee and/or the Manager for the purpose of verification of identity.

Redemption proceeds will not be paid to a bank account in the name of any party other than the redeeming Unitholder. Third party payment is not allowed.

Where relevant account details have been provided, redemption proceeds may be paid in the base currency of the Sub-Fund (or the class currency of the relevant class as determined by the Manager) by telegraphic transfer to the bank account of the redeeming Unitholder. If a Unitholder requests payment in any other freely convertible currency (other than the base currency of the Sub-Fund), acceptable to the Manager, the conversion will be made at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange, convertibility, repatriation and exchange control restrictions and any conversion costs will be borne by the Unitholder. Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

10.5 Restrictions on Redemption

The Manager may suspend the redemption of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value per Unit is
suspended (for further details see "Suspension of Dealing" in section 13.2 below of this Trust Prospectus).

10.6 Redemption Gate

Unless otherwise specified in the relevant Fund Specific Prospectus and with a view to protecting the interests of Unitholders, the Manager is entitled to elect to limit the value or the aggregate number of Units relating to any Sub-Fund redeemed on any Dealing Day to 10% (or such other percentage as the Manager may determine in any particular case and as permitted by the SFC) of the total Net Asset Value or the total number of Units in issue of that Sub-Fund to protect the interests of Unitholders. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion by value of those Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

10.7 Redemption of Units in specie

Notwithstanding the foregoing, the Manager has the discretion, subject to obtaining the prior consent of the relevant redeeming Unitholder and provided that it is in the best interests of the other Unitholders in the relevant Sub-Fund or Unit class, to effect the redemption of Units to a redeeming Unitholder by way of a transfer by or on behalf of the Trustee in specie of securities from the Trust and, where applicable, payment by or on behalf of the Trustee in cash of such amount of cash equal to the difference between the redemption price at the Valuation Point on the Dealing Day on which the redemption request is accepted or treated as having been accepted and the Value of the securities transferred in specie to the redeeming Unitholder in respect of such Units in accordance with the Trust Deed. The valuation of the relevant securities and/or assets which are the subject of any such redemption in specie will be carried out in accordance with the Trust Deed and after consultation with the Trustee. The costs of effecting any such redemption of Units in specie will be borne by the Manager.

11. CONVERSION OF UNITS

Subject to the provisions below and the terms of the Trust Deed, Unitholders may apply to convert Units of (i) one Sub-Fund (the "original fund") for Units of another Sub-Fund (the "new fund"), or (ii) one Unit class for another Unit class of the same Sub-Fund, subject to Units of the new fund/Unit class being in issue and being offered for sale, subject to the creation, issue or sale thereof not being suspended and subject to the right of Unitholders of the original fund/Unit class to request a redemption of such Units not being suspended, provided that no such conversion shall be effected if it would result in the Unitholder being a Unitholder of the new fund/Unit class or Units of the original fund/Unit class less in number than the minimum investment limits for a relevant Sub-Fund (see "Subscription for Units" in section 9 above of this Trust Prospectus), by giving notice to the Registrar (directly or via the Authorized Distributor(s)) before cut-off time of the relevant Sub-Fund on any Dealing Day.

The general provisions applying to redemption of Units will apply equally to conversion. The rate at which the original fund/Unit class will be converted on any common Dealing Day (which is both a Dealing Day in relation to Units of the original fund/Unit class and a Dealing Day in relation to Units of the new fund/Unit class) will be determined by reference to the prevailing Unit prices applicable to redemptions and subscriptions for Units of the relevant
Sub-Funds/Unit class (see "Subscription for Units" and "Redemption of Units" in sections 9 and 10 above of this Trust Prospectus) and the applicable rate of exchange between the class currency of the relevant Units on that relevant common Dealing Day on which the conversion is to be effected.

Please refer to the Fund Specific Prospectus for the fee payable on a conversion exchange of Units.

12. **TRANSFER OF UNITS**

Subject as provided below and the terms of the Trust Deed, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee and duly stamped with adequate stamp duty before the form is passed to the Registrar. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding amount (if any) of the relevant class as set out in the relevant Fund Specific Prospectus.

13. **CALCULATION OF NET ASSET VALUE**

13.1 **Calculation of Net Asset Value**

The Manager and the Trustee have agreed that the Net Asset Value per Unit will be calculated by the Trustee as at the Valuation Point in respect of each Dealing Day in accordance with the terms of the Trust Deed. The Trust Deed provides (amongst other things) that:

(a) the Net Asset Value per Unit shall be determined in respect of any relevant Dealing Day by (i) calculating as at the relevant Valuation Point therefor the Net Asset Value of the Sub-Fund; (ii) dividing the resulting amounts by the number of Units then outstanding; and (iii) rounding to the nearest three decimal places (where the fourth decimal place is “5” or above, the number shall be rounded upwards) in the case of Units denominated in a currency other than JPY and rounding to the nearest JPY in the case of Units denominated in JPY, unless determined otherwise by the Manager, with the relevant Sub-Fund retaining the benefit of any such rounding;

(b) except in the case of any interest in a collective investment scheme to which paragraph (c) applies and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any Recognized Market shall be made by reference to the last traded price (or if none is available the previous traded price quoted) on the principal market for such investments as at the last close of business in the relevant market unless determined otherwise by the Manager after consultation with the Trustee. In determining such prices the Trustee, Manager or their respective agents shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine;
subject as provided in paragraph (f) below, the value of each interest in any collective
investment scheme shall be the last published net asset value per unit or share in such
collective investment scheme (where available) or (if the same is not available) the
last published bid prices for such unit or share. If such net asset value, bid prices or
price quotations are not available, the value of the relevant investment shall be
determined from time to time in such manner as the Manager shall determine after
consultation with the Trustee;

de the value of any investment which is not listed or ordinarily dealt in on a market shall
be the initial value thereof which is equal to the amount expended out of the relevant
Sub-Fund in the acquisition of such investment (including in each case the amount of
fiscal and purchase charges) and the Manager shall, after consultation with the
Trustee cause a revaluation to be made on a regular basis by a professional person
approved by the Trustee as qualified to value such investment;

cash, deposits and similar investments shall be valued at their face value (together
with accrued interest) unless, in the opinion of the Manager after consultation with the
Trustee, any adjustment should be made to reflect the value thereof;

notwithstanding the foregoing, the Manager may, after consultation with the Trustee,
adjust the value of any investment or permit some other method of valuation to be
used if, having regard to relevant circumstances, the Manager considers that such
adjustment or use of such other method is required or desirable to reflect the fair value
of the investment; and

g the value of any investment (whether of a security or cash) otherwise than in the
currency of a Sub-Fund shall be converted into the currency of the relevant Sub-Fund
at the rate (whether official or otherwise) which the Manager shall deem appropriate
in the circumstances having regard to any premium or discount which may be relevant
and to costs of exchange, convertibility, repatriation and exchange control restrictions.

The valuation of investments quoted, listed, traded or dealt on any Recognized Market made
by reference to the last traded price (or if none is available, the previous traded price quoted)
on the principal market for such investments as at the last close of business in the relevant
market may not be in accordance with IFRS should the last traded price fall outside the last
bid-ask spread. If the difference in valuation of these investments is material in the opinion of
the Auditors, an adjustment will be made to comply with the requirements of IFRS in the
preparation of the audited financial statements in respect of the Trust and the Sub-Funds.

If total subscriptions or redemptions of all the Unit classes of a Sub-Fund on a single trading
day come to a net capital inflow or net capital outflow, the respective Sub-Fund's Net Asset
Value per Unit may be increased or reduced by virtue of fiscal and purchase charges or fiscal
and sales charges including estimated transaction costs and tax charges that may be incurred
by the Sub-Fund as well as the estimated bid/offer spread of the assets in which the Sub-Fund
invests (so-called single swing pricing). The Manager will only make such adjustment, after
consultation with the Trustee, with a view to protecting the interests of the Unitholders. The
maximum adjustment amounts to the Net Asset Value per Unit may be up to 2% of the Net
Asset Value and any adjustment will be applied consistently to all Unit classes of the relevant
Sub-Fund and all Unitholders of the relevant Sub-Fund equally. The adjustment leads to an
increase in the Net Asset Value per Unit if the net movements result in a net flow of capital in
the Sub-Fund concerned. However, this adjustment leads to a fall in the Net Asset Value per
Unit if the net movements result in a net outflow of capital. The Manager can set a threshold value for each Sub-Fund for the purposes of applying any such adjustments. This may consist in the net movement on a trading day in relation to the net fund assets or to an absolute amount in the currency of the Sub-Fund concerned. The Net Asset Value per Unit would be adjusted only if this threshold were to be exceeded on a trading day.

13.2 Suspension of Dealing

The Manager may in exceptional circumstances and having regard to the best interests of the Unitholders and after consultation with the Trustee temporarily suspend the right of the Unitholders to require the redemption of Units and may temporarily delay the payment of any moneys or the transfer of any securities in specie in respect of any such realization so suspended during any of the following periods:

(a) any period when any market on which a substantial part of the investments or other property for the time being comprised in the Sub-Fund is quoted, listed or dealt in is closed otherwise than for ordinary holidays;

(b) any period when dealings on any such market are restricted or suspended;

(c) any period when the Sub-Fund is unable to transmit a substantial part of subscription proceeds to or from the accounts of the Sub-Fund, or dispose of a substantial part of holdings or to repatriate a substantial part of the proceeds of such disposals, subject to certain quota or limits imposed by any regulatory or supervisory, governmental or quasi-governmental authority, any fiscal body or self-regulatory organization (whether of a governmental nature or otherwise);

(d) during the existence of any state of affairs as a result of which disposal of some or all investments or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders;

(e) during any breakdown in the means of communications normally employed in determining the Net Asset Value, the Net Asset Value per Unit, issue price or redemption price or when for any other reason the value of any investment or other property for the time being comprised in the Sub-Fund, Net Asset Value, the Net Asset Value per Unit, issue price or redemption price cannot be promptly and fairly ascertained;

(f) any period when the realization of investments or other property for the time being comprised in the Sub-Fund or the transfer of funds involved in such realization cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange;

(g) any period when the payment or receipt of the proceeds of the realization of any of the investments or other property comprised in the Sub-Fund is the subject of delay;

(h) any period when in the sole opinion of the Manager, such suspension is required by law or applicable legal process; or

(i) the business operations of the Manager, the Trustee, the Registrar and/or their respective delegates in relation to the operation of the Trust or the relevant Sub-Fund
are substantially interrupted or closed as a result of, or arising from, pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Where applicable, more specific circumstances that may trigger a suspension event during any of the above periods or other additional specific circumstances (if any) may be set out in the relevant Fund Specific Prospectus.

Such suspension shall take effect upon declaration by the Manager and thereafter there shall be no issuance of Units, realization of Units of the relevant Sub-Fund and/or payment of moneys in respect of any such redemption and/or the determination of Net Asset Value until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the Dealing Day following the first Business Day on which (a) the condition giving rise to the suspension shall have ceased to exist and (b) no other condition under which suspension is authorized under this paragraph shall exist.

Whenever the Manager declares a suspension, as soon as practicable after any declaration, it shall issue a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to redeem Units are affected by the suspension, stating that the suspension declaration has been made.

Any Unitholder or potential Unitholder may at any time after such a suspension has been declared and before termination of such suspension withdraw any application for the redemption of Units of the relevant Sub-Fund (but only if the realization of those Units has not been effected on a Dealing Day prior to that suspension) or any application for the issue of Units or any conversion notice in respect of the conversion of Units of that Sub-Fund or of Units of another Sub-Fund into Units of that Sub-Fund by notice in writing to the Manager or, if the Manager and the Trustee have so agreed, the Trustee. If no such notice withdrawing any such application has been received by the Manager or, if relevant, the Trustee before termination of such suspension, the Manager or, if relevant, the Trustee shall, subject to and in accordance with the provisions of this Deed, realize Units of that Sub-Fund in respect of which it or any of its authorized agents has received a redemption request and consider applications for the issue of Units of that Sub-Fund as at the Dealing Day next following the termination of such suspension, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

No Units will be created, issued, redeemed, converted or, unless otherwise determined in the discretion of the Manager having regard to the overall interest of the Unitholders as a whole, transferred, nor Net Asset Value per Unit will be calculated during any period of suspension of dealing.

14. DISTRIBUTION POLICY

The distribution policy of each of the Sub-Funds will be set out in the relevant Fund Specific Prospectus.

The Manager may amend the dividend policy subject to, with respect to a Sub-Fund authorized by the SFC pursuant to section 104 of the SFO, obtaining the SFC’s prior approval and by giving not less than one month’s prior notice to Unitholders unless otherwise approved or permitted by the SFC or as permitted under the Code.
15. **CHARGES AND EXPENSES**

15.1 **Management Fee and Service Fee**

The Manager is entitled to receive a management fee and a service fee from the Trust in relation to a Sub-Fund at the rates as set out in the Fund Specific Prospectus.

The management fee and the service fee are respectively payable monthly in arrears.

The Manager may increase the rate of the management fee payable in respect of the Sub-Fund up to a maximum rate of 2.5% per annum in accordance with paragraph 15.4 below or alter the dates of payment and basis of accrual by giving prior notice to the affected Unitholders.

The service fee is payable to the Manager to cover the Manager’s own costs and/or payments to Authorized Distributors for providing distribution-related services including but not limited to publishing and issuing offering documents, financial reports and accounts, daily NAV, contract notes and statements in respect of the Trust and/or any Sub-Fund. The Manager may increase the rate of the service fee payable in respect of the Sub-Fund up to a maximum rate of 0.5% per annum in accordance with paragraph 15.4 below or alter the dates of payment and basis of accrual by giving prior notice to the affected Unitholders.

The Manager may pay the fees of the Investment Advisor(s) (if any) of a Sub-Fund out of its management fee. Such arrangement will not affect the fees that will be borne by the investors.

15.2 **Performance Fee**

The Manager may be entitled to receive a performance fee from the Trust in relation to a Sub-Fund at a rate as set out in the Fund Specific Prospectus.

15.3 **Trustee Fee**

The current fees payable to the Trustee in relation to a Sub-Fund are set out in the relevant Fund Specific Prospectus.

The Trustee may, subject to the Manager’s prior approval, increase the trustee fee payable in respect of the Sub-Fund up to a maximum rate of 1% per annum (subject to a minimum annual fee of USD60,000) in accordance with paragraph 15.4 below or alter the dates of payment and basis of accrual by giving prior notice to the affected Unitholders.

The Trustee is also entitled to receive a fee for acting as Registrar in relation to each Sub-Fund as specified in the relevant Fund Specific Prospectus. It is also entitled to receive various transaction, processing, safekeeping, valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
15.4 Notice for Fee Increase

For so long as the Trust and/or a Sub-Fund is authorized by the SFC pursuant to section 104 of the SFO, any increase in the management fee, service fee, performance fee or Trustee fee in respect of a Sub-Fund, (i) up to the relevant maximum level stated above, will only be implemented after giving one month’s notice (or such period of notice as may be approved under the Code) to the affected Unitholders, and (ii) beyond the relevant maximum level, is subject to approval by the SFC and the sanction of extraordinary resolution of the affected Unitholders.

15.5 Establishment Expenses

The preliminary establishment expenses of the Trust and the initial Sub-Funds (i.e., UBS (HK) Fund Series – China Opportunity Equity (USD) and UBS (HK) Fund Series – China High Yield Bond (USD)) are borne equally by the initial Sub-Funds and are amortized over the Amortization Period of the initial Sub-Funds. The preliminary establishment expenses of the Trust and the initial Sub-Funds were approximately USD185,000. Where subsequent Sub-Funds are established in the future, the Manager may determine that the unamortized establishment costs of the Trust or a part thereof may be re-allocated to such subsequent Sub-Funds. The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Fund to which such costs and payments relate and amortized over the Amortization Period.

The Manager believes that such amortization of the preliminary establishment expenses of the Trust and the Sub-Funds would be more equitable than reflecting the full amount of such expenses during the first accounting period of the Trust and the relevant Sub-Fund(s) as generally required under IFRS. This difference in accounting treatment may result in a qualified opinion if the amount is not adjusted to comply with IFRS requirements.

15.6 Other Charges and Expenses

Each Sub-Fund will bear the costs and expenses set out in the Trust Deed which are directly attributable to it. Where those costs or expenses are not directly attributable to a Sub-Fund each Sub-Fund will bear the costs and expenses in proportion to its respective Net Asset Value or in any manner the Manager considers fair. These include, but are not limited to, all stamp and other duties, taxes, governmental charges, bank charges, brokerage, exchange costs and commissions, transfer fees and expenses, registration fees and expenses, valuation fees and expenses; the fees and expenses of custodians (but not the Custodian for so long as the Custodian is the Trustee) and sub-custodians, the fees and expenses of the auditors and legal advisers; the expenses of or incidental to the preparation of amendments to the constitutive documents of the Trust and the expenses of holding meetings of Unitholders and of giving notices to Unitholders; the costs and expenses of obtaining and maintaining any regulatory approval or authorization of the Trust or in complying with any undertaking given, or agreement entered into in connection with any rules governing such approval or authorization; and any costs incurred in publishing the redemption prices of Units, all costs of preparing, printing and distributing all statements, all costs of preparing accounts and reports, the expenses of preparing and printing any prospectus, and any other operating and out of pocket expenses.
Save as those costs and expenses referred to above no promotional and advertising expenses may be charged to the Trust's assets. No commission will be payable to sales agents out of the Trust's assets.

The Manager may share any fees it receives with distributors or agents procuring subscriptions to Units.

15.7 Fees Payable by Investors

Investors may be subject to subscription charge and redemption charge based on the issue price and redemption price of each Unit, respectively, where applicable as set out in the relevant Fund Specific Prospectus. In the event that a Unitholder wishes to make a transfer, it may be subject to a transfer fee based on the redemption price of each Unit, where applicable as set out in the relevant Fund Specific Prospectus.

15.8 Cash Rebates and Soft Commissions

Neither the Manager, the Investment Manager (where applicable) nor any of their Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them save that the Manager, the Investment Manager (where applicable) and/or any of their Connected Persons may effect transactions by or through the agency of another person with whom the Manager, the Investment Manager (where applicable) and/or any of their Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager, the Investment Manager (where applicable) and/or any of their Connected Persons, goods, services or other benefits: for example, research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication; provided that:

(a) the goods or services are of demonstrable benefit to the Sub-Fund;

(b) the transaction execution is consistent with best execution standards;

(c) brokerage rates are not in excess of customary institutional full-service brokerage rates;

(d) periodic disclosure is made in the annual reports in respect of the Trust and the Sub-Funds in form of a statement describing the soft dollar policies and practices of the Manager and the Investment Manager, including a description of the goods and services received by them; and

(e) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

The above 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. Details of soft commission arrangements will be disclosed in the Trust's financial statements.
16. TAXATION

The following statements regarding taxation are by way of a general guide to potential investors in respect of the Trust regarding the law and practice in force in the relevant jurisdiction at the date of this Trust Prospectus.

16.1 Hong Kong

The Trust is an umbrella unit trust established under the laws of Hong Kong. So long as the Trust and the Sub-Fund(s) have been authorized by the SFC pursuant to section 104 of the SFO, the profits derived by the Trust and the Sub-Fund(s) are specifically exempt from Hong Kong profits tax.

(a) Unitholders

For Unitholders where the interest in the Units represents capital assets to them for Hong Kong profits tax purpose, gains arising from the sale or other disposal or redemption of the Units should be capital in nature and not taxable. For Unitholders carrying on a trade or business in Hong Kong and also invest in securities for trading purpose (e.g. dealers in securities, financial institutions, insurance companies), such gains may be considered to be part of the Unitholder's normal business profits and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% for others) if the gains in question arise in or are derived from Hong Kong.

Distributions by the Trust and each Sub-Fund should generally not be subject to tax in Hong Kong (whether by way of withholding or otherwise) in the hands of Unitholders under current Hong Kong law and practice.

(b) Stamp Duty

Allotment of Units does not attract stamp duty in Hong Kong.

No Hong Kong stamp duty should be payable where the sale or transfer of the Units is effected by extinguishing the Units or the sale or transfer is to the Manager who then re-sells the Units to another person(s) within two months thereof.

Other types of purchases or sales or transfers of the Units by Unitholders should be subject to Hong Kong stamp duty at 0.2% of the higher of the considerations or market value of the Units (normally to be borne by the buyer and seller in equal shares).

The above information relating to taxation is based on the enacted laws and current practice of Hong Kong. It is not comprehensive and is subject to change. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Units and to the provision of the laws of the jurisdiction in which they are subject to tax.

16.2 Mainland Chinese Taxation

By investing in A-Shares through the Stock Connect or directly in Mainland China’s interbank bond market ("CIBM") or via RQFII, the Trust or a Sub-Fund may be subject to withholding income tax and other taxes imposed by the Mainland Chinese tax authorities.
(a) Corporate Income Tax:

Under general Mainland Chinese tax law, if the Trust or a Sub-Fund is considered as a Mainland Chinese tax resident, it will be subject to Mainland Chinese Corporate Income Tax ("CIT") at 25% on its worldwide taxable income. If the Trust or a Sub-Fund is considered as a non-Mainland Chinese resident but has an establishment or place of business ("PE") in Mainland China, the profits attributable to that PE would be subject to Mainland Chinese CIT at 25%. If the Trust or a Sub-Fund is a non-Mainland Chinese resident and has no PE in Mainland China, the income derived by the Trust or a Sub-Fund from its investment in A-Shares and onshore Mainland Chinese bonds would generally be subject to 10% Mainland Chinese Withholding Income Tax ("WIT") in respect of its Mainland China sourced income, including but not limited to passive income (e.g., dividends and interest) and gains arising from transfer of A-Shares, unless it is exempt or reduced under specific Mainland Chinese tax circulars or relevant tax treaty.

It is the intention of the Manager to operate the Trust or a Sub-Fund in such a manner that the Trust or a Sub-Fund would not be treated as a tax resident enterprise and has no PE in Mainland China for Mainland Chinese CIT purposes, although this cannot be guaranteed.

Dividend and Interest

Also, pursuant to the Arrangement between the Mainland China and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangement"), the tax charged on dividends received by a Hong Kong resident from shares issued by Mainland Chinese resident companies will be 5% of the gross amount of the dividends, if the Hong Kong tax resident is the beneficial owner and directly holds at least 25% of the equity of the company paying the dividends. Due to the Sub-Fund’s investment restriction, a Sub-Fund will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested via the Stock Connect or RQFII will not be able to benefit from the reduced tax rate of 5% and the general tax rate of 10% will be applicable to a Sub-Fund.

On 14 November 2014 and 2 December 2016, the Ministry of Finance ("MOF"), State Taxation Administration ("STA") and China Securities Regulatory Commission ("CSRC") have jointly issued Circular Caishui [2014] No. 81 ("Circular 81") and Circular Caishui [2016] No. 127 ("Circular 127") to clarify Mainland Chinese taxation issues on Stock Connect. Pursuant to Circular 81 and Circular 127, dividends received by Hong Kong and overseas investors (including a Sub-Fund) from A-Shares investment via Stock Connect will be subject to 10% WIT and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the tax bureau in-charge of the payer for a refund.

On the other hand, interests derived from government bonds are exempt from Mainland Chinese CIT under Mainland Chinese tax law. Meanwhile, under the Arrangement, Hong Kong tax residents will be subject to WIT at 7% for interest if they can satisfy the requirements for beneficial ownership under the Arrangement.

It is uncertain as to whether the Trust or a Sub-Fund can be eligible to enjoy a preferential rate of 7% of Mainland Chinese WIT under the Arrangement. If the Trust or a Sub-Fund cannot enjoy the preferential rate, the general rate of 10% will be applicable to the Trust or a
On 22 November 2018, the MOF and STA of the PRC jointly released Circular Caishui [2018] No. 108 ("Circular 108") to address the tax issues in relation to bond interest income received by foreign institutional investors from investments in the Mainland Chinese bond market. Under Circular 108, for foreign institutional investors without a PE in Mainland China (or having a PE in Mainland China but the income so derived in Mainland China is not effectively connected with such PE), such bond interest income received from 7 November 2018 to 6 November 2021 will be temporarily exempt from CIT. As this exemption granted under Circular 108 is temporary, it is uncertain whether such exemption policy would be extended after 6 November 2021.

Capital Gains

Pursuant to Circular 81 and Circular 127, effective from 17 November 2014 and 5 December 2016 respectively, capital gains derived by Hong Kong and overseas investors (including the Trust or a Sub-Fund) from the trading of A-Shares through Stock Connect will be temporarily exempt from Mainland Chinese CIT and Individual Income Tax ("IIT").

Pursuant to Circular Caishui [2014] No. 79, the "Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of Mainland Chinese equity investment assets such as Mainland Chinese domestic stocks by QFII and RQFII" ("Circular 79"), capital gains realized by QFIIs and RQFIIs from the disposal of Mainland Chinese equity investments (including A-Shares) are temporarily exempt from Mainland Chinese WIT effective from 17 November 2014. Circular 79 also states that gains realized by QFIIs and RQFIIs prior to 17 November 2014 from disposal of Mainland Chinese equity investments should be subject to Mainland Chinese WIT according to the Mainland Chinese CIT Law. The exemption under Circular 79 is applicable to QFIIs and RQFIIs which do not have a PE in Mainland China, or QFIIs and RQFIIs which have a PE in Mainland China but the gains derived from the disposal of Mainland Chinese equity investments are not effectively connected to such PE.

The CIT exemptions under Circular 79, Circular 81 and Circular 127 are temporary. As such, as and when the Mainland Chinese authorities announce the expiry date of the exemption, a Sub-Fund may in future need to make provision to reflect taxes payable.

There is no specific rule governing taxes on capital gains derived by foreign investors (including the Trust, a Sub-Fund or QFIIs or RQFIIs) from trading of onshore Mainland Chinese bonds. In the absence of such specific rules, the CIT treatment should be governed by the general tax provisions of the Mainland Chinese CIT Law and would be subject to the interpretation of the Mainland Chinese tax authorities. In relation to capital gains realized from the disposal of onshore Mainland Chinese bonds, the Mainland Chinese tax authorities have verbally indicated on numerous occasions, that such gains are non-Mainland China sourced income and hence not subject to Mainland Chinese WIT. Based on the current practice, no WIT is imposed on gains derived by foreign investors from investment in onshore Mainland Chinese bonds. However, there is no specific written tax regulation to confirm the same. If the relevant interpretation changes in the future, the Trust or a Sub-Fund may still turn to certain treaty relief applicable to Hong Kong tax residents. Under the Arrangement, capital gains derived by a Hong Kong tax resident from transfer of debt
instruments issued by the Mainland Chinese government or Mainland Chinese corporations should be eligible for tax treaty relief and should not be taxable in Mainland China.

Pursuant to the relevant Mainland Chinese tax regulations, to enjoy the tax treaty relief under the Arrangement, a Hong Kong tax resident should submit to the relevant Mainland Chinese tax authorities with application documents (including a Hong Kong Tax Resident Certificate ("HKTRC") issued by the Inland Revenue Department of Hong Kong (the "IRD")) for assessment. As at the date of this Prospectus, none of the Trust or any Sub-Fund has obtained a HKTRC from the IRD. If the Mainland Chinese tax authorities require the Trust or any Sub-Fund to provide a HKTRC in order to obtain the WIT exemption, the Manager will apply for a HKTRC on behalf of such Trust or Sub-Fund although it cannot be guaranteed.

(b) Value-added Tax ("VAT"):

With the Circular Caishui [2016] No. 36 ("Circular 36") regarding the final stage of VAT reform which came into effect on 1 May 2016, the gains derived from the transfer of onshore Mainland Chinese securities are subject to VAT starting from 1 May 2016.

According to Circular 36 and Circular Caishui [2016] No. 70 ("Circular 70"), gains derived by QFIIs and RQFIIs from the transfer of onshore Mainland Chinese securities (including A-Shares and other Mainland Chinese listed securities) will be exempt from VAT since 1 May 2016. Circular 36 and Circular 127 state that VAT is exempted on gains derived by Hong Kong and overseas investors (including the Trust or a Sub-Fund) from the transfer of onshore Mainland Chinese securities through the Stock Connect.

Pursuant to Circular 36, interest income received by QFIIs and RQFIIs from investments in onshore Mainland Chinese bonds shall be subject to 6% VAT unless special exemption applies (see comments about Circular 108 below). According to Circular 36, deposit interest income is not subject to VAT and interest income earned on government bonds is exempted from VAT. Circular 108 provides for VAT exemption in respect of, bond interest income received by foreign institutional investors from investments in the Mainland China bond market during the period from 7 November 2018 to 6 November 2021. As this exemption granted under Circular 108 is temporary, it is uncertain whether such exemption policy would be extended after 6 November 2021.

Dividend income or profit distributions on equity investment derived from Mainland 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% VAT payable.

(c) Stamp duty:

Stamp duty under the Mainland Chinese laws generally applies to the execution and receipt of all taxable documents listed in Mainland China’s Provisional Rules on Stamp Duty. Stamp Duty is levied on the execution or receipt in Mainland China of certain documents, including contracts for the sale of A-Shares and B-Shares traded on the Mainland Chinese stock exchanges, at the rate of 0.1%. In the case of contracts for sale of A-Shares and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser.
Under Circular 81 and Circular 127, Hong Kong market investors (including the Trust or a Sub-Fund) are required to pay stamp duty arising from the sale and purchase of A-Shares through the Stock Connect or from the transfer of A-Shares by way of succession and donation.

16.3 **FATCA and U.S. Tax Withholding and Reporting Requirements**

FATCA, as part of the United States' Hiring Incentives to Restore Employment Act, became law in the U.S. in 2010.

FATCA imposes a new reporting regime and potentially a U.S. withholding tax of 30% on (i) withholdable payment and (ii) pass-through payment made with respect to certain actual and deemed U.S. investments. As a general matter, the new rules under FATCA are designed to require U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service. The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership. The withholding rules for withholdable payments were phased in as of 1 July 2014. The withholding on pass-through payments (a concept not yet defined) will be imposed no earlier than 1 January 2019.

A U.S. person is defined by U.S. Internal Revenue Code Section 7701(a) (30) as:

(a) an individual who is a U.S. citizen or U.S. resident alien (e.g. green card holder or meets substantial presence test);

(b) a partnership, corporation, or association created or organized in the U.S. or under the laws of the U.S.;

(c) a foreign estate; or

(d) a trust where a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

Generally, the new rules will subject all applicable payments under FATCA received by a Foreign Financial Institution (as defined in the final U.S. Treasury regulations under FATCA or an applicable intergovernmental agreement (an "IGA") ("FFI") to a 30% U.S. withholding tax unless the FFI (i) enters into an agreement with the U.S. Internal Revenue Service (an "FFI Agreement"), (ii) complies with the terms of an applicable IGA or (iii) is otherwise exempt.

Hong Kong and the U.S. have already signed an IGA ("HKIGA") on 13 November 2014 to operate under Model II which establishes a framework of enabling relevant financial institutions in Hong Kong to seek consent for disclosure from investors, and to report relevant tax information of such investors to the U.S. Internal Revenue Service if required under the HKIGA.

Under this IGA, financial institutions in Hong Kong generally will need to register with the U.S. Internal Revenue Service and comply with the requirements of an FFI Agreement, either directly or through a sponsoring entity. This model of IGA will be supplemented by the operation of a tax information exchange agreement. Thus, the application of the withholding
rules and the information that may be required to be reported and disclosed are subject to change.

As at the date of the Prospectus, the Manager has agreed to perform, on behalf of the Trust and/or the Sub-Funds, all due diligence, reporting and other relevant FATCA requirements. The Manager has registered for the Trust and the Sub-Funds UBS (HK) Fund Series – China Opportunity Equity (USD), UBS (HK) Fund Series – China High Yield Bond (USD) and UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD) with the U.S. Internal Revenue Service as a reporting FFI (with Global Intermediary Identification Number (GIIN) 8JDGYP.99999.SL.344, ZYF6ND.99999.SL.344 and P5PNEC.99999.SL.344 respectively). The Manager will ensure that the other Sub-Funds are duly registered with the U.S. Internal Revenue Service prior to their launch. The Trust and the Sub-Funds will be required to report to the U.S. Internal Revenue Service in respect of direct and certain indirect U.S. investors. The Trust and the Sub-Funds will generally be required to report to the U.S. Internal Revenue Service in respect of direct and certain indirect U.S. Unitholders. Failure to comply with such requirements may result in 30% withholding tax being applied.

In order to comply with their FATCA obligations, the Trust, the Sub-Funds, the Trustee or the Manager or their delegates will be required to obtain certain information from the Unitholders so as to ascertain the U.S. tax status of the Unitholders. The Trust's (including each Sub-Fund's) ability to report to the U.S. Internal Revenue Service will depend on each relevant Unitholder providing the Trust (and the relevant Sub-Fund(s)) with any information that is necessary to satisfy the Trust's (including each Sub-Fund's) obligations under FATCA. The Manager on behalf of the Trust and each of such relevant Sub-Fund may take any action permitted under the constitutive documents of the Trust, in good faith and on reasonable grounds, including but not limited to having recourse to a Unitholder's proceeds to ensure that such withholding is economically borne by the relevant Unitholder whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, subject to applicable laws and regulations.

There can be no assurance that the Trust and each of such relevant Sub-Fund will be able to satisfy applicable FATCA requirements to avoid the imposition of FATCA withholding tax. If the Trust and any such relevant Sub-Fund fails to comply with such requirements, the Trust and any such relevant Sub-Fund may be subject to the above 30% U.S. withholding tax. The Net Asset Value per Unit may be adversely affected and the Trust and any such relevant Sub-Fund may suffer significant losses, which may result in a material loss to Unitholders.

The Manager and its agents or delegates each reserve the right to request any information from applicants of Units for the purposes of satisfying their respective obligations under FATCA. In the event of delay or failure by the applicant to produce any satisfactory information required for such purposes, the Manager or any of its agents and delegates each may refuse to accept the application and the related application moneys.

Unitholders and prospective investors should consult their own tax advisors regarding the possible implications of FATCA on them and on their investments in the Units.

16.4 Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the “Ordinance”) was gazetted on 30 June 2016 and the Hong Kong Inland Revenue Department (“IRD”) published guidance on 9
September 2016 for financial institutions ("FIs") to assist them in complying with the Common Reporting Standard obligations. This is the legislative framework for the implementation of the Standard for Automatic Exchange of Financial Account Information ("AEOI") in Hong Kong. The AEOI requires FIs in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and file such information with the IRD who in turn may exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, the Trust, the Sub-Funds and/or its agents may further collect information relating to residents of other jurisdictions.

The AEOI rules as implemented in Hong Kong require the Trust and each Sub-Fund to, amongst other things: (i) register the Trust’s status as a “Reporting Financial Institution” with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By investing in the Trust and the relevant Sub-Fund(s) and/or continuing to invest in the Trust and the relevant Sub-Fund(s), Unitholders acknowledge that they are required to enable the Trust and the Sub-Fund(s) to comply with AEOI by providing the required information to the Trust, the Sub-Fund(s), the Manager and/or the agents of the Trust and/or the Sub-Fund(s) in order to open an account. Moreover, Unitholders acknowledge that they may be required to provide additional information to the Trust, the relevant Sub-Fund(s), the Manager and/or the Trust’s agents in order for the Trust and the relevant Sub-Fund(s) to comply with AEOI. The Unitholder’s information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Trust and the relevant Sub-Fund(s).

16.5 General

Investors should consult their professional advisers on the consequences to them of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country/jurisdiction of citizenship, residence, domicile or incorporation and their personal circumstances.
17. **GENERAL INFORMATION**

17.1 **Financial Reports**

The financial year end of the Trust and each Sub-Fund is 31 December in each year. The annual reports and unaudited semi-annual reports in respect of the Trust and the Sub-Funds will be made available to Unitholders in electronic form and notified to Unitholders by the Manager. Printed copies of such reports are available upon request. The annual reports will be made available to Unitholders within four months of the end of each financial year and unaudited semi-annual reports will be made available to Unitholders within two months of the end of the period which they cover. The annual reports and the unaudited semi-annual reports of the Trust will be issued in English only subject to the Manager’s absolute discretion to issue such reports and accounts in one or more additional language(s). The first unaudited semi-annual report of UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD) will cover the period from the launch of the Sub-Fund to 30 June 2019 and the first audited annual report of UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD) will cover the period from its launch to 31 December 2019, both of which will made available to Unitholders in the aforesaid manner.

Financial statements will be prepared in accordance with IFRS and Appendix E to the Code.

17.2 **Publication of Prices**

The Net Asset Value per Unit for each class of Units of the Sub-Fund will be published on each Dealing Day of that Sub-Fund on the Manager’s website [https://www.ubs.com/hk/en/asset_management/wholesale.html](https://www.ubs.com/hk/en/asset_management/wholesale.html). Investors should note that the website has not been reviewed or authorized by the SFC.

17.3 **Trust Deed**

The Trust was established under Hong Kong law by the Trust Deed. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains the duties and responsibilities of the Trustee and the Manager. The Trust Deed requires that the Trustee and the Manager exercise their respective powers and authorities in the best interests of the Unitholders and fulfil the duties imposed by general law. The Trustee and the Manager shall be entitled to be indemnified out of the assets of the relevant Sub-Fund in respect of any (in addition to any right of indemnity given by law) action, costs, claims, damages, expenses or liabilities to which it may be put as the Trustee or the Manager (as the case may be) or which the Trustee or the Manager (as the case may be) may incur by virtue of the proper performance of its duties thereunder.

Notwithstanding any other provision of the Trust Deed, nothing in any of the provisions of the Trust Deed shall exempt either the Trustee or the Manager (as the case may be) from any liability to Unitholders imposed under Hong Kong law in relation to its duties or breaches of trust through fraud or negligence, nor may the Trustee or the Manager (as the case may be) be indemnified against such liability by Unitholders or at Unitholders’ expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.
17.4 Modification of Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the Trust Deed by supplemental deed provided that the Trustee and the Manager shall certify in writing that in its opinion such proposed modification, alteration or addition:

(a) does not materially prejudice the interests of Unitholders, does not to any material extent release the Trustee, the Manager or any other person from any liability to Unitholders under the Trust Deed and (with the exception of the payment of proper fees and expenses incurred in relation to the preparation and execution of the relevant supplemental deed) will not result in any increase in the amount of costs and charges payable from any Sub-Fund and borne by the Unitholders relating to that Sub-Fund which are in issue at the time such modification, alteration or addition takes effect;

(b) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements of any jurisdiction or authority; or

(c) is necessary to correct a manifest error.

In all other cases, modifications, alterations or additions involving any material changes may not be made without the approval of the SFC (where such SFC approval is required), or the approval by way of an extraordinary resolution of the Unitholders in each Sub-Fund. No such modification, alteration or addition (whether or not approved by an extraordinary resolution) shall impose upon any Unitholder any obligation to make any further payment in respect of his Units or to accept any liability in respect thereof.

Any modifications, alterations or additions to the Trust Deed, unless they are approved by an extraordinary resolution of the Unitholders affected, will be notified to the Unitholders as soon as practicable.

17.5 Meetings of Unitholders

In respect of UBS (HK) Fund Series – China Opportunity Equity (USD), UBS (HK) Fund Series – China High Yield Bond (USD) and UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD), the Trust Deed provides for meetings of Unitholders to be convened by the Trustee or the Manager upon at least 21 days’ notice.

In respect of UBS (HK) Fund Series – Global Select Equity (USD), UBS (HK) Fund Series – Global High Yield Bond (USD) and any other Sub-Funds established after 14 September 2018, the Trust Deed provides for any meetings of Unitholders at which an extraordinary resolution is to be propose to be convened by the Trustee or the Manager upon at least 21 days’ notice and any meeting at which an ordinary resolution is to be proposed to be convened on at least 14 days' notice.

Notices of meetings of Unitholders will be posted to Unitholders.

Proxies may be appointed. The quorum at Unitholders’ meetings is Unitholders present in person or by proxy holding not less than 10% (or, in relation to a resolution proposed as an extraordinary resolution, 25%) of Units in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting, Unitholders, whatever their number or the number of Units held by them, will form a quorum. An ordinary resolution may be passed by a simple
majority of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75% or more of the total number of votes cast.

The Trust Deed provides that at any meeting of Unitholders, on a poll every Unitholder who is present or by representative or by proxy will have one vote for every whole Unit of which he is the holder.

17.6  **Modification of this Prospectus**

Subject to applicable laws and regulations, the Manager will notify the Unitholders as soon as reasonably practicable on certain changes to this Prospectus (including any material change to a Sub-Fund's investment objectives, policies and restrictions).

17.7  **Compulsory Redemption or Transfer of Units**

The Manager may impose such restrictions on such terms and in such manner as it may think necessary or desirable for the purpose of ensuring that no Units are acquired or held directly, indirectly or beneficially by a Restricted Person. In order to ensure compliance with any such requirements, the Manager may at any time and from time to time require an investor (beneficial or otherwise) to provide to the Manager such information and evidence as it may require as to such person's eligibility to hold or have an interest in Units.

The Manager or the Trustee may require a Unitholder to transfer his Units or, failing a transfer, may redeem his Units in accordance with the Trust Deed if it comes to the notice of the Manager or the Trustee that any Units are owned directly or beneficially by any Restricted Person in contravention of the restrictions set out in the Trust Deed.

17.8  **Conflicts of Interest**

The Manager, the Investment Manager and the Trustee or their Connected Persons may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Trust or any Sub-Fund or contract with or enter into financial, banking or other transaction with one another or with any investor of a Sub-Fund, or any company or anybody of whose shares or securities form part of a Sub-Fund or may be interested in any such contract or transaction and shall not be liable to account to the Trust or any Sub-Fund or any investor of the Sub-Fund for any profit or benefit made or derived thereby or in connection therewith. Neither the Manager nor its affiliates is under any obligation to offer investment opportunities of which any of them become aware to the Trust or a Sub-Fund or to account to the Trust or a Sub-Fund of (or share with the Trust or a Sub-Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate appropriate investment opportunities on a fair and equitable basis between a Sub-Fund and other clients. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Trust or any Sub-Fund. The Manager will take all reasonable steps to identity, prevent, manage and monitor any actual or potential conflicts of interest including conducting all transactions in good faith at
arm’s length and in the best interests of the Trust and the Sub-Funds on normal commercial terms. In the event of a conflict of interest arising, each party will, at all times, act in accordance with the terms of the Trust Deed and have regard in such event to its obligations to the Trust, the Sub-Funds and to Unitholders and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly taking into account investor's interests. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

The Manager has an established policy in relation to the identification and monitoring of potential conflicts of interest scenarios. There is functional separation of different areas of operations to control the flow of information that may be confidential and/or price sensitive. Computer and information system with appropriate access controls have been put in place by the Manager. Key duties and functions are segregated among different departments. The Manager has adopted trading policies which are designed to ensure the fair allocation of investment opportunities among funds, investment vehicles or accounts that the Manager manages or advises. The Manager's allocation objectives and implementation procedures are grounded in the belief that all allocations should be made pro-rata based on the total order in each eligible account regardless of who the client or portfolio manager may be, account performance, current investment positioning or account type. Any non-pro-rata post-trade allocation will be documented and reported to the Global Head of Trading of the Manager. This pro-rata allocation methodology is also coded within the Manager's internal security crossing system. A designated portfolio compliance team of the Manager will monitor the implementation of such trading policies and dealing procedures with overall monitoring by the senior management of the Manager.

The services of the Trustee, the Manager, the Investment Manager and their respective Connected Persons provided to the Trust and each of the Sub-Funds are not deemed to be exclusive and each of them shall be free to render similar services to others so long as their respective services hereunder are not impaired thereby and to retain for their own use and benefit all appropriate fees and benefits. Each of them shall not be deemed to be affected with notice of or to be under any duty to disclose to the Trust and any of the Sub-Funds any fact or information which comes to their notice in the course of rendering similar services to other parties or in the course of its business in any other capacity, otherwise than in the course of carrying out each of their duties under the Trust Deed or as required by any applicable laws and regulations for the time being in force.

All transactions carried out by or on behalf of the Trust and/or each Sub-Fund will be at arm's length in compliance with applicable laws and regulations.

Any transactions between the Trust and/or any Sub-Fund and the Manager, the Investment Manager (where applicable) or any of their Connected Persons as principal may only be made with the prior written consent of the Trustee. All such transactions shall be disclosed in the Trust's and the relevant Sub-Fund's annual report.

The brokerage and other agency transactions for the account of the Sub-Funds may be executed through brokers or dealers connected to the Manager, Investment Manager or their Connected Persons.
In effecting transactions for the account of any Sub-Fund with brokers or dealers connected to the Manager, the Investment Manager of such Sub-Fund or their Connected Persons, the Manager shall ensure that it complies with the following requirements:

(a) such transactions should be on arm’s length terms;

(b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the relevant Sub-Fund.

If cash forming part of a Sub-Fund’s assets is deposited with the Trustee, the Manager, the Investment Manager or with any Connected Person of these companies (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the Unitholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm’s length in accordance with ordinary and normal course of business.

The Manager may enter into trades for the account of a Sub-Fund with the accounts of other clients of the Manager or its affiliates (“cross trades”). Such cross trades will only be undertaken where (i) the sale and purchase decisions are in the best interests of both clients and fall within the investment objective, restrictions and policies of both clients, (ii) the cross trades are executed on arm's length terms at current market value, (iii) the reasons for such cross trades are documented prior to execution, and (iv) such activities are disclosed to both clients of the Manager or its affiliates. Cross trades may also be entered into between house accounts (i.e. account owned by the Manager or any of its connected persons over which it can exercise control and influence) and client accounts in accordance with applicable laws and regulations.

17.9 Material Contracts

The following contracts (not being contract in the ordinary course of business) have been entered into in relation to the Trust and are, or may be, material:

(a) the Trust Deed;

(b) any agreements between the Manager and/or the Trustee and third parties referred to in the Fund Specific Prospectus.
17.10 Termination of the Trust and/or Sub-Funds

The Trust or a Sub-Fund may be terminated by the Trustee, by notice in writing in any of the following events, namely:

(a) if, in the good faith opinion of the Trustee (after consultation with the Manager), any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects the Trust or a Sub-Fund and which renders the Trust or a Sub-Fund illegal or makes it impracticable or inadvisable to continue the Trust or such Sub-Fund;

(b) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or shall be adjudged a bankrupt or insolvent or appoints liquidators or if a receiver shall be appointed in respect of the property or undertaking of the Manager or any part thereof or the Manager is the subject of any analogous proceedings or procedure in each case under the law of Hong Kong or such other law as may be applicable in the circumstances where, after the expiration of a period of three months, the Trustee has not appointed a new Manager in accordance with the Trust Deed;

(c) if the Trustee shall have notified the Manager of its desire to retire as trustee of the Trust but the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within ninety (90) days (or otherwise as prescribed in the Trust Deed) after the date of the Trustee's written notice to retire in accordance with the Trust Deed;

(d) if, in the reasonable opinion of the Trustee, the Manager shall be incapable of performing its duties properly or shall do any other thing which in the reasonable opinion of the Trustee is calculated to bring the Trust or any Sub-Fund into disrepute or to be harmful to the interests of the Unitholders, or as the case may be Unitholders in the Sub-Fund provided that the Trustee shall have regard to the overall interests of the Unitholders as a whole in terminating the Trust or a Sub-Fund on the ground set out in this section 17.10(d); or

(e) if the Manager shall have been removed by the Trustee on the specified grounds as set out in the Trust Deed and, within a period of thirty (30) days thereafter (where applicable), no other qualified corporation shall have been appointed by the Trustee as new Manager.

The Trust, any Sub-Fund and/or any class of Units of a Sub-Fund may be terminated by the Manager –

(a) with the approval of the Trustee and by notice in writing to the relevant Unitholders if the Manager considers it to be in the best interests of the relevant Unitholders to terminate the Trust, such Sub-Fund and/or such class of Units, as the case may be, subject to the approval of the SFC; or

(b) in its absolute discretion by notice in writing to the Trustee:

(i) if in the good faith opinion of the Manager, it is impracticable or inadvisable to continue the Trust, any Sub-Fund and/or any class of Units of a Sub-Fund (as
the case may be) (including, without limitation, a situation where it is no longer economically viable to operate the Trust, such Sub-Fund and/or such class of Units);

(ii) if any law or regulation shall be passed or amended or any regulatory directive or order is imposed that affects the Trust, a Sub-Fund and/or any class of Units of a Sub-Fund (as the case may be) and which renders the Trust, such Sub-Fund and/or such class of Units illegal or in the opinion of the Manager makes it impracticable or inadvisable to continue the Trust, such Sub-Fund and/or such class of Units;

(iii) if within a reasonable time and using commercially reasonable endeavours, the Manager shall be unable to find a person acceptable to the Manager to act as the new Trustee after deciding to remove the Trustee for the time being pursuant to the Trust Deed; or

(iv) if, on any date, in relation to the Trust, the aggregate Net Asset Value of all Units outstanding shall be less than US$50 million or its equivalent or, in relation to any Sub-Fund, the aggregate Net Asset Value of the Units outstanding in respect of such Sub-Fund shall be less than US$10 million or its equivalent or such other amount stated in the relevant notice of establishment or, in relation to any class of Units, the aggregate Net Asset Value of the Units of such class outstanding hereunder in respect of such class shall be less than US$5 million or its equivalent or such other amount stated in the relevant notice of establishment.

Unitholders may at any time terminate the Trust, a Sub-fund or any class of Units by extraordinary resolution with effect from the date such extraordinary resolution is passed or such later date (if any) as such extraordinary resolution may provide.

Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve calendar months from the date upon which the same became payable be paid into court.

17.11 Creation of Sub-Funds

The Manager can, at its discretion, decide to create further Sub-Funds with different investment objectives in accordance with the terms the Trust Deed and in such cases, this Trust Prospectus will be updated accordingly. The assets of each Sub-Fund will be invested and administered separately from the assets of, and shall not be used to meet liabilities of, the other Sub-Fund(s).

17.12 Anti-Money Laundering Regulations

As part of the responsibility of the Trustee and the Manager for the prevention of money laundering, the Trustee, the Manager and/or each of their respective agents or delegates may require a detailed verification of an investor's identity and the source of the payment of application moneys.

The Trustee, the Manager and their respective agents or delegates each reserve the right to request any information that they consider necessary to verify the identity of an applicant and
the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee, the Manager or any of their respective agents and delegates each may refuse to accept the application and the related application moneys. Further, each of them reserves the right to delay in paying any redemption proceeds if an applicant for Units delays in producing or fails to produce any documents or information required for the purposes of verification of identity. The Manager, the Trustee and their respective delegates and agents each reserves the right to refuse to make payment to the Unitholder if either of them suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the relevant Sub-Fund, the Manager or the Trustee or other service providers with any such laws or regulations in any relevant jurisdiction.

The Trustee and the Trustee's delegate may take any action which the Trustee or such delegate, in its sole and absolute discretion, considers appropriate so as to comply with any law, regulation, regulatory obligations, relevant HSBC Group policies, or any request of a public or regulatory authority or pursuant to normal market practice which relate to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to any persons or entities which may be subject to sanctions (collectively “Relevant Trustee Requirements”).

Such action may include, without limitation, the checking of each prospective Unitholder or redeeming Unitholder against sanction lists, the interception and investigation of transactions in relation to the Trust or any Sub-Fund including the source of or intended recipient of funds paid in or out in relation to the Trust or any Sub-Fund. In certain circumstances, such action may delay or prevent the processing of instructions, the settlement of transactions in respect of the Trust or any Sub-Fund or the Trustee's performance of its obligations under the Trust Deed or otherwise in relation to the Trust or any Sub-Fund and the Trustee or its delegate may in such circumstances refuse to process any subscription for a Unit.

Neither the Trustee nor the Trustee’s delegate nor any member of the HSBC Group will be liable for loss (whether direct or consequential and involving, without limitation, loss of profit or interest) or damage suffered by any party arising out of or caused in whole or in part by any actions which are taken by the Trustee or any delegate or any member of the HSBC Group to comply with the Relevant Trustee Requirements.

Investors who wish to make an application to subscribe, redeem, convert or transfer Units must provide the Trustee and/or the Manager (and their respective agent(s) or delegate(s)) with all necessary information which they may reasonably require to verify the identity of the investor in accordance with applicable laws and regulations on the prevention of money laundering and terrorist financing. Failure to do so may result in the Trustee and/or the Manager (or their respective agent(s) or delegate(s)) rejecting or putting on hold such application. None of the Trustee, the Manager or their respective agents or delegates shall be liable to the prospective investor or Unitholder for any loss suffered by such party as a result of the rejection or delay of such application and/or payment of redemption proceeds.
17.13 Liquidity Risk Management Policies and Tools

(a) Governance Structure

The Manager has established comprehensive risk management policies and procedures to manage and mitigate the Sub-Funds' exposure to significant market, liquidity and operational risks. The Manager devotes significant resources to monitor liquidity risks and utilize liquidity management tools where necessary.

The Board of Directors (the “Board”) of the Manager provides general oversight of the Sub-Funds' investment programme and operations in accordance with the Manager's liquidity risk management policies and procedures.

(b) Liquidity Risk Management Policy

The Manager has, as part of its overall risk management programme, established liquidity risk management policies and procedures which are reviewed periodically from time to time.

The key elements to the Manager's risk management policy include (but not limited to) the following in accordance with its liquidity risk management policies and procedures:

- **Considering risk appetite** – The Manager considers the liquidity risks facing a Sub-Fund to ensure that the Sub-Fund's dealing arrangements are appropriate for its investment strategy and underlying assets. Among other things, the Manager seeks to (a) understand and align the liquidity profile of a Sub-Fund's liabilities with the liquidity profile of the Sub-Fund's assets, (b) understand investors' historical and expected redemption patterns, and (c) determine an appropriate dealing frequency taking into account the liquidity profile of the Sub-Fund and investors' redemption patterns.

- **Ongoing liquidity risk assessment through qualitative and quantitative evaluations** – The Manager assesses, on a regular basis, the liquidity profile of:
  
  (a) the Sub-Fund’s liabilities, in particular the Sub-Fund’s investor profile and historical and future redemption patterns and likely liquidity demands; and
  
  (b) the Sub-Fund’s assets, using both quantitative metrics (e.g. Days to Trade and Costs to Trade) and qualitative factors (e.g. asset class or credit quality) and the Manager's professional judgment, taking into account the characteristics of the assets and markets invested in by the Sub-Fund. Risk models and targets are reviewed regularly to ensure they are appropriate and effective.

The Manager assesses the Sub-Fund's liquidity position against the internal liquidity indicators.

- **Stress-testing** – Liquidity stress tests are conducted on an ongoing basis as appropriate based on various scenarios, including scenarios based on both backward-looking historical market conditions and redemption demands of the Sub-Fund or other similar funds as well as forward-looking hypothetical scenarios to assess a Sub-Fund's ability to meet redemption obligations and the impact on the remaining Unitholders when there is a significant decrease in the liquidity of underlying assets or a
significant increase in redemption requests. Stress test results will be reviewed by the Board to determine whether further action will be required.

(c) Liquidity Risk Management Tools

The Manager may utilize the following liquidity management tools in order to protect the interests of the Unitholders:

- **Suspension of redemption** - The Manager has discretion to suspend redemption or delay the payment of any moneys or the transfer of any securities *in specie* under exceptional circumstances, such as the closure, suspension or restriction of trading on any markets. Please refer to section “Suspension of Dealing” of the Trust Prospectus for more information.

- **Limitations on redemption** - The Manager is entitled to limit redemptions on any Dealing Day to 10% of the total Net Asset Value or the total number of Units in respect of any relevant -Sub-Fund in issue (as the case may be) to protect the interests of Unitholders. In the event that limit has been reached, redemption requests will be deferred on a pro rata basis to the next Dealing Day. Please refer to section "Suspension of Dealing" of the Trust Prospectus for more information.

- **Redemptions in-kind** – The Manager has discretion to agree with redeeming Unitholders that the Sub-Fund will meet part of the redemption request in-kind, by transferring underlying assets of an equivalent value to the Unitholder. Please refer to section “Redemption of Units *in specie*” of the Trust Prospectus for more information.

- **Swing Pricing** – Please refer to section "Calculation of Net Asset Value" of the Trust Prospectus for more information.

- **Other Investment and Borrowing Restrictions** - Apart from being subject to investment restrictions and borrowing restrictions as outlined in sections A4 “Investment Restrictions” and A5 “Borrowing and Leverage” of the Trust Prospectus, the Sub-Funds may not hold any physical commodities or engage in short selling activities.

17.14 **Auditors**

Ernst & Young has been appointed as the auditors of the Trust and each Sub-Fund. The Manager may replace the auditors with the prior approval of the Trustee, but without prior notice to the Unitholders.

17.15 **Documents Available for Inspection**

For as long as each Sub-Fund remains authorized by the SFC, copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge:-

(a) the Trust Deed dated 12 January 2017 between the Trustee and the Manager, and any supplemental deeds*; and
(b) the latest annual reports and unaudited semi-annual accounts (if any) of the Trust and the Sub-Funds.

* Copies may be obtained from the Manager upon payment of a reasonable fee.

17.16 Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Trust or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under the US IRS Code and the United States Treasury Regulations promulgated under the US IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction, (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the US, Hong Kong (including any law, rule and requirement relating to AEOI) or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

17.17 Power to Disclose Information to Authorities

Subject to applicable laws and regulations in Hong Kong, the Trust, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the US IRS and the IRD), certain information in relation to a Unitholder, including but not limited to the Unitholder’s name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Trust or the relevant Sub-Fund to comply with any applicable law (including any law, rule and requirement relating to AEOI) or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

Investors should refer to “FATCA and U.S. Tax Withholding and Reporting Requirements” in the section headed “Taxation” for disclosures regarding compliance with the regulations under the United States Foreign Account Tax Compliance Act.
B. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA OPPORTUNITY EQUITY (USD)

1. UBS (HK) FUND SERIES – CHINA OPPORTUNITY EQUITY (USD)

This document relates to the UBS (HK) Fund Series – China Opportunity Equity (USD), a sub-fund established under the Trust. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus. In case of discrepancies between Part A (the Trust Prospectus) and Part B (this Fund Specific Prospectus) of this document in relation to the Sub-Fund, this Part B shall prevail.

2. DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

"Amortization Period" the five accounting periods (or such other period as determined by the Manager) commencing from the date of launch of the Sub-Fund;

"Base Currency" US dollar;

"Business Day" any day other than Saturday or Sunday, on which banks in Hong Kong are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;

"Dealing Day" each Business Day and such other day(s) as the Manager may from time to time determine;

"Initial Issue Price" (i) with respect to Class K-1 Units means US$100/HK$100 per Unit, (ii) with respect to Class M Units means RMB100 per Unit and (iii) with respect to Class Q Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class);

"Initial Offer Period" (i) Class K-1 Units and Class M Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee); (ii) Class Q Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee);
"Issue Price"  the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for the issue of Units;

"Redemption Charge" a charge payable by the Unitholder and calculated as a percentage of the Redemption Price of each Unit which is being redeemed by that Unitholder;

"Redemption Price"  the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for redemption of Units;

"Sub-Fund"  UBS (HK) Fund Series – China Opportunity Equity (USD), being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;

"Subscription Charge" a charge payable by the Unitholder and calculated as a percentage of the subscription amount based on the Initial Issue Price or Issue Price (as the case may be) of each Unit which is issued to that Unitholder;

"Trust Prospectus"  the prospectus in Part A of this document relating to the Trust, as amended or supplemented from time to time; and

"Valuation Point"  the close of business in the last relevant market to close on each Business Day or such other time or times as the Manager (after consultation with the Trustee) may from time to time determine.
3. **SUMMARY**

Set out below is a summary of the Sub-Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled “Risk Factors” in the Trust Prospectus and the section entitled “Sub-Fund Specific Risk Factors” in this Fund Specific Prospectus. Key information in respect of the Sub-Fund is as follows:

| Initial Issue Price* (per Unit) | Class K-1 Units: US$100/HK$100  
Class M Units: RMB100  
Class Q Units: US$100/HK$100 |
|--------------------------------|----------------------------------------------------------------------------------|
| Initial Offer Period | Class A Units and Class I-P Units have been launched  
Class K-1 Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)  
Class M Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)  
Class Q Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee) |
| Issue Price | the Net Asset Value per Unit calculated as at the Valuation Point, and subject to a Subscription Charge and any fiscal and purchase charges |
| Dealing Day | each Business Day and such other day(s) as the Manager may from time to time determine |
| Minimum Redemption Amount* | Class A Units: not applicable  
|                          | Class I-P Units: not applicable  
|                          | Class K-1 Units: not applicable  
|                          | Class M Units: not applicable  
|                          | Class Q Units: not applicable  
| Initial Minimum Subscription Amount *# | Class A USD Units: US$2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class A HKD Units: HK$2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class I-P Units: HK$2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class K-1 USD Units: USD$500,000  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class K-1 HKD Units: HK$4,000,000  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class M Units: RMB2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class Q USD Units: US$2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
|                                      | Class Q HKD Units: HK$2,500  
|                                      | (or its equivalent in any other freely convertible currency)  
| Subsequent Minimum Subscription Amount *# | Class A USD Units: US$1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class A HKD Units: HK$1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class I-P Units: HK$1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class K-1 USD Units: USD$250,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class K-1 HKD Units: HK$2,000,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class M Units: RMB1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class Q USD Units: US$1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|                                          | Class Q HKD Units: HK$1,000  
|                                          | (or its equivalent in any other freely convertible currency)  
|
| Minimum Holding* | Class A Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes  
Class I-P Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes  
Class K-1 Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes  
Class M Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes  
Class Q Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes |
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Manager</td>
<td>UBS Asset Management (Hong Kong) Limited</td>
</tr>
<tr>
<td>Trustee, Custodian and Registrar</td>
<td>HSBC Institutional Trust Services (Asia) Limited</td>
</tr>
</tbody>
</table>

* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

# The Manager has discretion to waive or lower the minimum subscription amount.
<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Service Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Registrar Fee</th>
<th>Trustee Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Subscription Charge (% of the subscription amount)</th>
<th>Conversion Fee (% of the subscription amount)</th>
<th>Redemption Charge (% of the Redemption Price of each Unit)</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>Up to 1.87%**</td>
<td>Up to 0.4%**</td>
<td>USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder</td>
<td>Up to 0.09%**</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
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<tr>
<td>Class I-P</td>
<td>0.65%**</td>
<td>Nil</td>
<td></td>
<td></td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class K-1</td>
<td>Up to 1.36%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class M</td>
<td>Up to 1.87%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
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</tr>
<tr>
<td>Class Q</td>
<td>Up to 1.12%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
</tr>
</tbody>
</table>

* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.
** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.
† The Trustee is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
4. INVESTMENT OBJECTIVE AND POLICY

4.1 Currency Denomination

The base currency of the Sub-Fund is USD. Units in the Sub-Fund are offered in USD upon the launch of the Sub-Fund. Classes of Units in other currencies may be offered in the future at the Manager's discretion.

4.2 Investment Objective

The investment objective of the Sub-Fund is to achieve high growth with a reasonable level of income, while giving due consideration to capital security and the liquidity of the Sub-Fund's assets. The assets of the Sub-Fund are invested following the principle of risk diversification (i.e., invest in securities of all market capitalization and across different industry sectors).

4.3 Investment Strategy

The Sub-Fund will invest primarily (i.e., not less than 70%) of its NAV in equities and warrants of companies which are domiciled in or are chiefly active in Mainland China, which are listed or traded outside of Mainland China.

The Sub-Fund’s aggregate exposure (whether direct or indirect) to A-Shares and B-Shares may not exceed 20% of its NAV. The Sub-Fund’s direct investment in A-Shares may be traded via the Stock Connect or any other eligible means allowed by the Mainland Chinese regulators (including via QFII and/or RQFII).

The Sub-Fund may also invest in debt instruments with loss-absorption features (“LAP”) e.g. contingent convertible bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be less than 30% of its NAV.

For the avoidance of doubt, the total investments of the Sub-Fund in the Mainland Chinese markets, regardless of any investment channels (including but not limited to the Stock Connect) may not exceed 20% of the NAV of the Sub-Fund.

The Sub-Fund may use FDIs for hedging and investment purposes in accordance with the limits under Chapter 7 of the Code as set out in the section headed “Investment Restrictions” in the Trust Prospectus above. The net derivative exposure of the Sub-Fund may be up to 50% of its NAV.

The Manager does not intend to enter into securities lending transactions, repurchase or reverse repurchase transactions or other similar over-the-counter transactions, on behalf of the Sub-Fund.

4.4 Investment and Borrowing Restrictions

The Sub-Fund is subject to the following investment and borrowing restrictions:
the Sub-Fund may not engage in any short selling activities.

Please also refer to the sections headed “Investment Restrictions” and “Borrowing Restrictions” in the Trust Prospectus. In the event of any inconsistency between the investment and borrowing restrictions set out in this paragraph 4.4 and the sections headed “Investment Restrictions” and “Borrowing Restrictions” in the Trust Prospectus, this paragraph 4.4 shall prevail.

5. UNIT CLASSES

Class A Units, Class I-P Units, Class K-1 Units and Class M Units are offered in the Sub-Fund. Units will be in registered form. Unit certificates will not be issued. Unit classes may be sub-divided into distribution unit class (where dividends declared will be paid to the Unitholders) and accumulation unit class (where no dividends will be distributed).

The Manager may establish new class(es) of Units, or cease to offer existing class(es) of Units, from time to time.

The following classes of Units will be offered by the Sub-Fund:

- The following class of Class A Units is available to all members of the public in Hong Kong:
  - A USD-acc; and
  - A HKD-acc.

- The following class of Class I-P Units is exclusively available to UBS AG staff pension schemes:
  - I-P HKD-acc

- The following classes of Class K-1 Units are available to all investors:
  - K-1 USD-acc; and
  - K-1 HKD-acc.

- The following class of Class M Units is exclusively available to investors in Mainland China:
  - M RMB-acc

- The following classes of Class Q Units are available to Class Q Eligible Investors:
  - Q USD-acc;
  - Q USD-mdist;
  - Q HKD-acc; and
  - Q HKD-mdist.
Additional characteristics:

| "acc" | For Unit classes with "-acc" in their name, income is not distributed unless the Manager decides otherwise. |
| "mdist" | Unit classes with "-mdist" in their name may make monthly distributions. They may also make distributions out of capital (this may include inter alia realised and unrealised net gains/losses in net asset value) ("Capital"), at the discretion of the Manager, or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund’s fees and expenses to/ out of the Capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of Capital. Payment of dividends out of Capital and/or effectively out of Capital may result in an immediate reduction in the Sub-Fund's net asset value per unit. Investors in certain countries/jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund Units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-mdist) Unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) Unit classes at a later point in time than is the case with distributing (-mdist) Unit classes. Investors should seek their own tax advice. |

6. **SUBSCRIPTION FOR UNITS**

6.1 **Issue Price**

Each Unit will be offered during the Initial Offer Period at the Initial Issue Price as set out in the table in the section headed "Summary" in this Fund Specific Prospectus, subject to the Subscription Charge (if any).

Thereafter, each Unit will be offered at the Issue Price, being the Net Asset Value per Unit calculated as at the Valuation Point, and again subject to a Subscription Charge and any fiscal and purchase charges (if any).

6.2 **Minimum Subscription and Minimum Holding**

Please refer to the table in the section entitled "Summary" in this Fund Specific Prospectus for (i) the initial minimum subscription amount that must be subscribed for the Units, (ii) subsequent minimum subscription amount, (iii) minimum redemption amount, and (iv) minimum holding of Units.

The Manager may, at its discretion, waive or modify these minimum limits.

6.3 **Application Procedure**

When an investor submits the application instructions via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the application deadline of the Sub-Fund as listed below.
Application forms for the subscription of Units during the Initial Offer Period (where applicable) must be received by the Registrar (directly or via the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the last Business Day of the Initial Offer Period. Cleared funds in full for the relevant application for subscription must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later date as the Manager may determine).

Following the close of the Initial Offer Period, application instructions for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the application will be effected at the Issue Price plus the Subscription Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. Cleared funds in full for the relevant application for subsequent subscription must be received by the Registrar on or before the third Business Day following the relevant Dealing Day (or such later date as the Manager may determine). An application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Subscriptions will only be accepted in the relevant class currency of the Units. No third party payment will be allowed.

7. **REDEMPTION OF UNITS**

7.1 **Redemption of Units**

A Unitholder may redeem all or some of its Units in whole on any Dealing Day. A Unitholder wishing to redeem its Units should confirm the minimum redemption size with his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding of Units remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it in the manner described on the redemption form or by other written or electronic means specified by the Manager and the Trustee. Redemption forms can be obtained from the Authorized Distributor(s) or the Manager.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please refer to the section entitled "Conversion of Units" in the Trust Prospectus.

7.2 **Redemption Procedure**

When a Unitholder submits the redemption request via his/her Authorized Distributor, that Unitholder should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the Sub-Fund listed below.
Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please see section entitled "Conversion of Units" in the Trust Prospectus.

Redemption requests for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the redemption will be effected at the Redemption Price less the Redemption Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making such payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

If the Trustee is required by the laws or regulations of any relevant jurisdiction to withhold any redemption moneys payable to the holder of a Unit the amount of such amount shall be deducted from the redemption moneys otherwise payable to such person.

All redemption moneys will be paid in the relevant class currency of the Units. No third party payment will be allowed.

7.3 Redemption Gate

The Manager may only limit the aggregate number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion by value of those Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

8. CALCULATION OF NET ASSET VALUE

The Net Asset Value per Unit will be calculated as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".

9. DISTRIBUTION POLICY

At the discretion of the Manager, declaration of distributions in respect of distribution unit classes may be made on the 15th of each calendar month or the last month in each calendar year, if the 15th is not a Business Day, on the following Business Day. These distributions will normally be paid in the same calendar month of declaration. However, the Manager has discretion to decide whether or not to declare any dividends, the frequency of distribution and
amount of dividends. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. It is the intention of the Manager to distribute out of the gross investment income for the Sub-Fund as well as, in its discretion, from the Sub-Fund's capital. Investors should note that as fees and expenses may be deducted from the capital of the relevant class, this will result in an increase in distributable income for the payment of dividends but may constrain capital growth. An income equalization amount will be calculated so that the distribution corresponds to the actual income entitlement such that the level of net income accrued within the Sub-Fund is not affected by the issue, conversion of redemption of those Units during an accounting period. Please also refer to the risk factor entitled "Risks of payment of distributions out of or effectively out of capital".

With respect to distribution Unit classes (i.e., Unit classes described as "-mdist" in the name), the amount of dividends declared will be paid to Unitholders accordingly. All such dividends will be paid in the relevant class currency of the Units by telegraphic transfer to the bank account of the relevant Unitholder.

No distribution of dividends will be made with respect to accumulation unit classes (i.e., unit classes described as "-acc" in the name). Therefore, any net income and net realized profits attributable to such Units will be reflected in the Net Asset Value of the Units.

10. **CHARGES AND EXPENSES**

Fees payable by Unitholders:

10.1 **Subscription Charge and Redemption Charge**

Currently a Subscription Charge of up to 3% of the subscription amount is applicable to Class A Units, Class K-1 Units, Class M Units and Class Q Units. No Subscription Charge is applicable to Class I-P Units. No Redemption Charge is applicable to Class A Units, Class I-P Units, Class K-1 Units, Class M Units or Class Q Units.

The Manager may pay the whole or a part of the proceeds from the Subscription Charge and/or Redemption Charge (if any) to any Authorized Distributor.

10.2 **Transfer Fee**

Should a Unitholder wish to transfer one or more Units, currently no transfer fee is chargeable to the transferor.

10.3 **Conversion Fee**

Should a Unitholder wish to convert one or more Units of the Sub-Fund into Units of another sub-fund of the Trust, currently a conversion fee of up to 1% of the subscription amount is applicable to Class A Units, Class K-1 Units, Class M Units and Class Q Units. No conversion fee is applicable to Class I-P Units.
Fees payable by the Sub-Fund:

10.4 Management Fee and Service Fee

The Manager is entitled to receive a management fee and a service fee from the Sub-Fund, currently at a rate as set out in the table under the section headed "Summary" of this Fund Specific Prospectus. The management fee and the service fee are calculated and accrued as at each Business Day by reference to the Net Asset Value of the Sub-Fund. The management fee and the service fee are payable monthly in arrears. Under the Trust Deed, the maximum rate of the management fee that the Manager is entitled to receive is 2.5% per annum of the Net Asset Value of the Sub-Fund and the maximum rate of the service fee that the Manager is entitled to receive is 0.5% per annum of the Net Asset Value of the Sub-Fund.

10.5 Trustee Fee

The Trustee will receive an asset based fee of up to 0.09% per annum of the Net Asset Value of this Sub-Fund (the "Trustee Fee") for trustee services. The maximum rate of the Trustee Fee is 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum annual fee of USD60,000). The Trustee Fee is calculated and accrued as at each Dealing Day and is payable monthly in arrears. The Trustee Fee includes the fees payable for the services rendered in its capacity as trustee of the Trust.

In addition to the Trustee Fee, the Trustee is also entitled to receive a fee for acting as Registrar of USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder. It is also entitled to receive various transaction, processing, safekeeping and valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

10.6 Performance Fee

No performance fee will be payable to the Manager by the Sub-Fund.

10.7 Establishment Expenses

Please refer to "Establishment Expenses" in section 15.5 of the Trust Prospectus.

10.8 Suspension of Dealing

Application for Units made or pending during a suspension period (for further details see "Suspension of Dealing" in section 13.2 of the Trust Prospectus) may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day (and for this purpose with respect to this Sub-Fund, such reference to the first Dealing Day shall be a reference to the first Business Day) following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.
11. **SUB-FUND SPECIFIC RISK FACTORS**

In addition to the risk factors set out in the section entitled "Risk Factors" in section 6 of the Trust Prospectus, your attention is drawn to the additional principal risks specific to this Sub-Fund set out below.

11.1 **Investment risk**

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

11.2 **Equity market risk**

The Sub-Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

11.3 **Risk associated with high volatility of Mainland Chinese equity market**

High market volatility and potential settlement difficulties in Mainland Chinese equity market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect the value of the Sub-Fund.

11.4 **Concentration risk**

The Sub-Fund’s investments are concentrated in a specific geographical location (i.e., the Mainland China). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

11.5 **Emerging market risk**

The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

11.6 **Currency risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the Base Currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls.

11.7 **Risks of payment of distributions out of or effectively out of capital**

The Sub-Fund charges all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay dividend out of capital and as such may impact the dividend payment to unitholders. Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of...
part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.

11.8 **Risks associated with investment in FDI**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

11.9 **Risks associated with investments in LAP**

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
C. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)

1. UBS (HK) FUND SERIES – CHINA HIGH YIELD BOND (USD)

This document relates to the UBS (HK) Fund Series – China High Yield Bond (USD), a sub-fund established under the Trust. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus. In case of discrepancies between Part A (the Trust Prospectus) and Part C (this Fund Specific Prospectus) of this document in relation to the Sub-Fund, this Part C shall prevail.

2. DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

"Amortization Period" the five accounting periods (or such other period as determined by the Manager) commencing from the date of launch of the Sub-Fund;

"Base Currency" US dollar;

"Business Day" any day other than Saturday or Sunday, on which banks in Hong Kong, Singapore and the United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;

"Dealing Day" each Business Day and such other day(s) as the Manager may from time to time determine;

"Initial Issue Price" with respect to Class K-1 Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class); with respect to Class M Units means RMB100 per Unit; with respect to Class Q Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class); with respect to Class J Units means JPY10,000 per Unit; and with respect to Class I-B Units means US$100 per Unit;

"Initial Offer Period" Class K-1 Units, Class M Units, Class Q Units, Class J Units and Class I-B Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee);
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Issue Price&quot;</td>
<td>the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for the issue of Units;</td>
</tr>
<tr>
<td>&quot;JPY&quot;</td>
<td>the lawful currency of Japan;</td>
</tr>
<tr>
<td>&quot;Redemption Charge&quot;</td>
<td>a charge payable by the Unitholder and calculated as a percentage of the Redemption Price of each Unit which is being redeemed by that Unitholder;</td>
</tr>
<tr>
<td>&quot;Redemption Price&quot;</td>
<td>the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for redemption of Units;</td>
</tr>
<tr>
<td>&quot;Sub-Fund&quot;</td>
<td>UBS (HK) Fund Series – China High Yield Bond (USD), being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;</td>
</tr>
<tr>
<td>&quot;Subscription Charge&quot;</td>
<td>a charge payable by the Unitholder and calculated as a percentage of the subscription amount based on the Initial Issue Price or Issue Price (as the case may be) of each Unit which is issued to that Unitholder;</td>
</tr>
<tr>
<td>&quot;Trust Prospectus&quot;</td>
<td>the prospectus in Part A of this document relating to the Trust, as amended or supplemented from time to time; and</td>
</tr>
<tr>
<td>&quot;Valuation Point&quot;</td>
<td>the close of business in the last relevant market to close on each Business Day or such other time or times as the Manager (after consultation with the Trustee) may from time to time determine.</td>
</tr>
</tbody>
</table>
3. SUMMARY

Set out below is a summary of the Sub-Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled "Risk Factors" in the Trust Prospectus and the section entitled "Sub-Fund Specific Risk Factors" in this Fund Specific Prospectus. Key information in respect of the Sub-Fund is as follows:

<table>
<thead>
<tr>
<th>Initial Issue Price* (per Unit)</th>
<th>Class K-1 Units: US$100/HK$100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class M Units: RMB100</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: US$100/HK$100</td>
</tr>
<tr>
<td></td>
<td>Class J Units: JPY10,000</td>
</tr>
<tr>
<td></td>
<td>Class I-B Units: US$100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initial Offer Period</th>
<th>Class A Units have been launched</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class K-1 Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class M Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class J Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td></td>
<td>Class I-B Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issue Price</th>
<th>the Net Asset Value per Unit calculated as at the Valuation Point, and subject to a Subscription Charge and any fiscal and purchase charges</th>
</tr>
</thead>
</table>

| Dealing Day | each Business Day and such other day(s) as the Manager may from time to time determine |
| **Initial Minimum Subscription Amount***# | Class A Units: US$2,500  
(or its equivalent in any other freely convertible currency)  
Class K-1 USD Units: US$500,000  
(or its equivalent in any other freely convertible currency)  
Class K-1 HKD Units: HK$4,000,000  
(or its equivalent in any other freely convertible currency)  
Class M Units: RMB2,500  
(or its equivalent in any other freely convertible currency)  
Class Q USD Units: US$2,500  
(or its equivalent in any other freely convertible currency)  
Class Q HKD Units: HK$2,500  
(or its equivalent in any other freely convertible currency)  
Class J Units: not applicable  
Class I-B Units: not applicable |
|---------------------------------|----------------------------------------------------------------------------------|
| **Subsequent Minimum Subscription Amount *##** | Class A Units: US$1,000 (or its equivalent in any other freely convertible currency)  
Class K-1 USD Units: US$250,000  
(or its equivalent in any other freely convertible currency)  
Class K-1 HKD Units: HK$2,000,000  
(or its equivalent in any other freely convertible currency)  
Class M Units: RMB1,000  
(or its equivalent in any other freely convertible currency)  
Class Q USD Units: US$1,000  
(or its equivalent in any other freely convertible currency)  
Class Q HKD Units: HK$1,000  
(or its equivalent in any other freely convertible currency)  
Class J Units: not applicable  
Class I-B Units: not applicable |
| **Minimum Redemption Amount*** | Class A Units: not applicable  
Class K-1 Units: not applicable  
Class M Units: not applicable  
Class Q Units: not applicable  
Class J Units: not applicable  
Class I-B Units: not applicable |
<table>
<thead>
<tr>
<th>Minimum Holding*</th>
<th>Class A Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class K-1 Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class M Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class J Units: not applicable</td>
</tr>
<tr>
<td></td>
<td>Class I-B Units: not applicable</td>
</tr>
</tbody>
</table>

**Manager**

UBS Asset Management (Hong Kong) Limited

**Investment Advisor**

UBS Asset Management (Singapore) Ltd

**Trustee, Custodian and Registrar**

HSBC Institutional Trust Services (Asia) Limited

* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

# The Manager has discretion to waive or lower the minimum subscription amount.
<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Service Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Registrar Fee</th>
<th>Trustee Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Subscription Charge (% of the subscription amount)</th>
<th>Conversion Fee (% of the subscription amount)</th>
<th>Redemption Charge (% of the Redemption Price of each Unit)</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A*</td>
<td>Up to 1.25%**</td>
<td>Up to 0.4%**</td>
<td>USD6,000 per annum for the first 50 Unitholders and USD100 per annum for each Unitholder</td>
<td>Up to 0.09% **</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class K-1*</td>
<td>Up to 0.8%**</td>
<td>Nil</td>
<td>USD100 per annum for each Unitholder</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class M*</td>
<td>Up to 1.25%**</td>
<td>Up to 0.4%**</td>
<td>USD100 per annum for each Unitholder</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.

<table>
<thead>
<tr>
<th>Class</th>
<th>Distribution Unit</th>
<th>Accumulation Unit</th>
<th>Class of Unit</th>
<th>Distribution Unit</th>
<th>Accumulation Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Q</td>
<td>Up to 0.81%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
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<td></td>
<td>Nil</td>
</tr>
<tr>
<td>Class J JPY- mdist</td>
<td>Up to 0.5%**</td>
<td>Nil</td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
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<td></td>
<td>Nil</td>
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<td></td>
<td>Nil</td>
</tr>
<tr>
<td>Class J JPY hedged-mdist***</td>
<td>Up to 0.53%**</td>
<td>Nil</td>
<td></td>
<td>Up to 3%</td>
<td>Up to 1%</td>
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<td></td>
<td>Nil</td>
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<td></td>
<td>Nil</td>
</tr>
<tr>
<td>Class I-B</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
*** For unit classes with “hedged” in their name and with reference currencies different to the Sub-Fund’s currency of account, the risk of fluctuations in the value of the reference currency is hedged against the Sub-Fund’s currency of account. The hedging described has no effect on possible currency risks resulting from investments denominated in a currency other than the Sub-Fund's currency of account.

† It is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
4. INVESTMENT OBJECTIVE AND POLICY

4.1 Currency Denomination

The base currency of the Sub-Fund is USD. Units in the Sub-Fund are offered in USD upon the launch of the Sub-Fund. Classes of Units in other currencies may be offered in the future at the Manager's discretion.

4.2 Investment Objective

The investment objective of the Sub-Fund is to achieve capital appreciation and provide income by investing primarily in high-yield debt securities of issuers that are domiciled or generate a predominant share of their sales and/or their profits in Mainland China, Hong Kong and Macau which provide a focused exposure to a significant and growing economic region.

4.3 Investment Strategy

The Sub-Fund invests at least 70% of its NAV in debt securities issued by entities which are domiciled or generate a predominant share of their sales and/or their profits in Mainland China, Hong Kong and Macau. These debt securities invested by the Sub-Fund will consist of USD denominated bonds, RMB denominated bonds (traded in the onshore or offshore market) or other currency denominated bonds as applicable.

The Sub-Fund intends to invest at least 70% of its NAV in non-investment grade bonds (i.e., assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings or below Baa3 by Moody’s) or bonds which are unrated. In the event of split ratings (i.e., when a security receives different ratings from two or more credit rating agencies), the security will receive: (a) the middle rating if the security is rated by more than two credit rating agencies, or (b) the lower rating if the security is rated by two credit rating agencies only. If the security is unrated by Standard & Poor's, Fitch Ratings and Moody's, the security will be considered unrated.

In addition to the debt securities mentioned above, the Sub-Fund also has the ability to invest in other securities (up to 30% of its NAV in aggregate), including, but not limited to, (a) USD or other non-RMB denominated investment grade or non-investment grade bonds of other issuers, and (b) investment grade or non-investment grade RMB-denominated debt securities of other issuers traded in the offshore or onshore Mainland Chinese market (including but not limited to panda bonds).

The Sub-Fund can invest not more than 20% of its NAV in debt securities issued in Mainland China directly by using direct China Interbank Bond Market access.

The Manager does not intend to invest more than 10% of the NAV of the Sub-Fund in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings or below Baa3 by Moody’s) or securities which are unrated on behalf of the Sub-Fund.

The Sub-Fund can invest not more than 20% of its NAV in urban investment bonds, being debt instruments issued by local government financing vehicles (“LGFVs”) in the listed bond and interbank bond market in Mainland China. These LGFVs are separate legal entities...
established by local governments and / or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund may invest a maximum of 10% of its NAV in convertible, exchangeable and warrant-linked bonds as well as convertible debentures. An exchangeable bond is a type of convertible bond that offers the holder the right to exchange the debt of an issuer for stock of a company other than the issuer (but usually within the same group). A warrant-linked bond is a type of convertible bond that is composed of a bond and a warrant.

In addition, the Sub-Fund may invest up to 10% of its NAV in equities, equity rights and warrants as well as shares, other equity shares and dividend-right certificates acquired through the exercise of conversion rights (including via convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. The equities acquired by exercise of rights or through subscription (including via convertible bonds and exchangeable bonds) must be sold no later than 12 months after they were acquired.

The Sub-Fund may also invest in LAP e.g. contingent convertible bonds and senior non-preferred debts. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be up to 50% of its NAV.

For the avoidance of doubt, the total investments of the Sub-Fund in the Mainland Chinese markets, regardless of any investment channels (including but not limited to the direct China Interbank Bond Market access) may not exceed 20% of the NAV of the Sub-Fund.

The Sub-Fund may use FDIs for hedging and investment purposes in accordance with Chapter 7 of the Code as set out in the sections headed “Investment Restrictions” in the Trust Prospectus above. The net derivative exposure of the Sub-Fund may be up to 50% of its NAV.

The Sub-Fund may not at any time conduct physical short-selling.

The Manager currently has no intention to:

(a) invest in asset-backed securities (including mortgage-backed securities and asset-backed commercial papers) in respect of the Sub-Fund; or

(b) enter into any securities lending, repurchase agreements, reverse repurchase agreements or other similar over-the-counter transactions in respect of the Sub-Fund.

4.4 Investment and Borrowing Restrictions

The Sub-Fund is subject to the following investment and borrowing restrictions:

(a) the Sub-Fund may not engage in short selling as an investment strategy; and

(b) the non-Base Currency exposure of the Sub-Fund may not exceed 20% of its Net Asset Value.
Please also refer to the sections headed “Investment Restrictions” and “Borrowing Restrictions” in the Trust Prospectus. In the event of any inconsistency between the investment and borrowing restrictions set out in this paragraph 4.4 and the sections headed “Investment Restrictions” and “Borrowing Restrictions” in the Trust Prospectus, this paragraph 4.4 shall prevail.

5. **UNIT CLASSES**

Class A Units, Class K-1 Units, Class M Units, Class J Units and Class I-B Units are offered in the Sub-Fund. Units will be in registered form. Unit certificates will not be issued. Unit classes shall be sub-divided into distribution unit class (where dividends declared will be paid to the Unitholders) and accumulation unit class (where no dividends will be distributed).

The Manager may establish new class(es) of Units, or cease to offer existing class(es) of Units, from time to time.

The following classes of Units will be offered by the Sub-Fund:

- The following classes of Class A Units are available to all members of the public in Hong Kong:
  - A USD-acc;
  - A USD-mdist; and
  - A HKD-mdist.

- The following classes of Class K-1 Units are available to all investors:
  - K-1 USD-acc;
  - K-1 USD-mdist;
  - K-1 HKD-acc; and
  - K-1 HKD-mdist.

- The following classes of Class M Units are exclusively available to investors in Mainland China:
  - M RMB-acc; and
  - M RMB-mdist.

- The following classes of Class Q Units are available to Class Q Eligible Investors:
  - Q USD-acc;
  - Q USD-mdist;
  - Q HKD-acc; and
  - Q HKD-mdist.

- The following classes of Class J Units are exclusively available to investors in Japan:
  - J JPY-mdist; and
  - J JPY hedged-mdist.
The following class of Class I-B Units is exclusively available to certain institutional investors as accepted by the Manager in its sole discretion. The costs for the management of Class I-B Units are charged to investors under separate agreements. Class I-B Units are generally not available to retail investors:

- I-B USD-acc.

Additional characteristics:

<table>
<thead>
<tr>
<th>&quot;acc&quot;</th>
<th>For Unit classes with &quot;-acc&quot; in their name, income is not distributed unless the Manager decides otherwise.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;mdist&quot;</td>
<td>Unit classes with &quot;-mdist&quot; in their name may make monthly distributions. They may also make distributions out of capital (this may include inter alia realised and unrealised net gains/losses in net asset value) (&quot;Capital&quot;), at the discretion of the Manager, or pay distributions out of gross income while charging/paying all or part of the Sub-Fund’s fees and expenses to/out of the Capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of Capital. Payment of dividends out of Capital and/or effectively out of Capital may result in an immediate reduction in the Sub-Fund's net asset value per unit. Investors in certain countries/jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund Units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-mdist) Unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) Unit classes at a later point in time than is the case with distributing (-mdist) Unit classes. Investors should seek their own tax advice.</td>
</tr>
</tbody>
</table>

6. **SUBSCRIPTION FOR UNITS**

6.1 **Issue Price**

Each Unit will be offered during the Initial Offer Period at the Initial Issue Price as set out in the table in the section headed "Summary" in this Fund Specific Prospectus, subject to the Subscription Charge (if any).

Thereafter, each Unit will be offered at the Issue Price, being the Net Asset Value per Unit calculated as at the Valuation Point, and again subject to a Subscription Charge and any fiscal and purchase charges (if any).

6.2 **Minimum Subscription and Minimum Holding**

Please refer to the table in the section entitled "Summary" in this Fund Specific Prospectus for (i) the initial minimum subscription amount that must be subscribed for the Units, (ii) subsequent minimum subscription amount, (iii) minimum redemption amount, and (iv) minimum holding of Units.

The Manager may, at its discretion, waive or modify these minimum limits.
6.3 Application Procedure

When an investor submits the application instruction via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the application deadline of the Sub-Fund as listed below.

From 15 November 2019, application forms for the subscription of Units during the Initial Offer Period must be received by the Registrar (directly or via the Authorized Distributor(s)) on or before 7:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the last Business Day of the Initial Offer Period. Cleared funds in full for the relevant application for subscription must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later date as the Manager may determine).

From 15 November 2019, following the close of the Initial Offer Period, application instructions for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 7:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the relevant Dealing Day, being the dealing cut-off time, and the application will be effected at the Issue Price plus the Subscription Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. Cleared funds in full for the relevant application for subsequent subscription must be received by the Registrar on or before the third Business Day following the relevant Dealing Day (or such later date as the Manager may determine). An application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Subscriptions will only be accepted in the relevant class currency of the Units. No third party payment will be allowed.

7. REDEMPTION OF UNITS

7.1 Redemption of Units

A Unitholder may redeem all or some of its Units in whole on any Dealing Day. A Unitholder wishing to redeem its Units should confirm the minimum redemption size with his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding of Units remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it as instructed on the redemption form or by other written or electronic means specified by the Manager and the Trustee. Redemption forms can be obtained from the Authorized Distributor(s) or the Manager.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please refer to the section entitled "Conversion of Units" in the Trust Prospectus.
7.2 Redemption Procedure

When a Unitholder submits the redemption request via his/her Authorized Distributor, that Unitholder should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the Sub-Fund listed below.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please see section entitled "Conversion of Units" in the Trust Prospectus.

From 15 November 2019, redemption requests for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 7:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the redemption will be effected at the Redemption Price less the Redemption Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making such payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds,

If the Trustee is required by the laws or regulations of any relevant jurisdiction to withhold any redemption moneys payable to the holder of a Unit the amount of such amount shall be deducted from the redemption moneys otherwise payable to such person.

All redemption moneys will be paid in the relevant class currency of the Units. No third party payment will be allowed.

7.3 Redemption Gate

The Manager may only limit the aggregate number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion by value of those Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

8. CALCULATION OF NET ASSET VALUE

The Net Asset Value per Unit will be calculated as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".
9. DISTRIBUTION POLICY

At the discretion of the Manager, declaration of distributions in respect of distribution unit classes may be made on the 15th of each calendar month or, if the 15th is not a Business Day, on the following Business Day. These distributions will normally be paid in the same calendar month of declaration. However, the Manager has discretion to decide whether or not to declare any dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. It is the intention of the Manager to distribute out of the gross investment income for the Sub-Fund as well as, in its discretion, from the Sub-Fund's capital. Investors should note that as fees and expenses may be deducted from the capital of the relevant class, this will result in an increase in distributable income for the payment of dividends but may constrain capital growth. An income equalization amount will be calculated so that the distribution corresponds to the actual income entitlement such that the level of net income accrued within the Sub-Fund is not affected by the issue, conversion of redemption of those Units during an accounting period. Please also refer to the risk factor entitled "Risks of payment of distributions out of or effectively out of capital".

With respect to distribution unit classes (i.e., unit classes described as "-mdist" in the name), the amount of dividends declared will be paid to Unitholders accordingly. All such dividends will be paid in the relevant class currency of the Units by telegraphic transfer to the bank account of the relevant Unitholder.

With respect to accumulation unit classes (i.e., unit classes described as "-ace" in the name), no distribution of dividends will be made. Therefore, any net income and net realized profits attributable to such Units will be reflected in the Net Asset Value of the Units.

10. CHARGES AND EXPENSES

Fees payable by Unitholders:

10.1 Subscription Charge and Redemption Charge

Currently a Subscription Charge of up to 3% of the subscription amount is applicable to Class A Units, Class K-1 Units, Class M Units, Class Q Units and Class J Units. No Subscription Charge is applicable to Class I-B Units.

No Redemption Charge is applicable to Class A Units, Class K-1 Units, Class M Units, Class Q Units, Class J Units or Class I-B Units.

The Manager may pay the whole or a part of the proceeds from the Subscription Charge and/or Redemption Charge (if any) to any Authorized Distributor.

10.2 Transfer Fee

Should a Unitholder wish to transfer one or more Units, currently no transfer fee is chargeable to the transferor.
10.3 **Conversion Fee**

Should a Unitholder wish to convert one or more Units of the Sub-Fund into Units of another sub-fund of the Trust, currently a conversion fee of up to 1% of the subscription amount is applicable to Class A Units, Class K-1 Units, Class M Units, Class Q Units and Class J Units. No conversion fee is applicable to Class I-B Units.

**Fees payable by the Sub-Fund:**

10.4 **Management Fee and Service Fee**

The Manager is entitled to receive a management fee and a service fee from the Sub-Fund, currently at a rate as set out in the table under the section headed "Summary" of this Fund Specific Prospectus. The management fee and the service fee are calculated and accrued as at each Business Day by reference to the Net Asset Value of the Sub-Fund. The management fee and the service fee are payable monthly in arrears. Under the Trust Deed, the maximum rate of the management fee that the Manager is entitled to receive is 2.5% per annum of the Net Asset Value of the Sub-Fund and the maximum rate of the service fee that the Manager is entitled to receive is 0.5% per annum of the Net Asset Value of the Sub-Fund.

10.5 **Trustee Fee**

The Trustee will receive an asset based fee of up to 0.09% per annum of the Net Asset Value of this Sub-Fund (the "Trustee Fee") for trustee services. The maximum rate of the Trustee Fee is 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum annual fee of USD60,000). The Trustee Fee is calculated and accrued as at each Dealing Day and is payable monthly in arrears. The Trustee Fee includes the fees payable for the services rendered in its capacity as trustee of the Trust.

In addition to the Trustee Fee, the Trustee is also entitled to receive a fee for acting as Registrar of USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder. It is also entitled to receive various transaction, processing, safekeeping and valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

10.6 **Performance Fee**

No performance fee will be payable to the Manager by the Sub-Fund.

10.7 **Establishment Expenses**

Please refer to "Establishment Expenses" in section 15.5 of the Trust Prospectus.

10.8 **Suspension of Dealing**

Application for Units made or pending during a suspension period (for further details see "Suspension of Dealing" in section 13.2 of the Trust Prospectus) may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day (and for this purpose with respect to
this Sub-Fund, such reference to the first Dealing Day shall be a reference to the first Business Day) following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

11. **SUB-FUND SPECIFIC RISK FACTORS**

In addition to the risk factors set out in the section entitled "Risk Factors" in section 6 of the Trust Prospectus, your attention is drawn to the additional principal risks specific to this Sub-Fund set out below.

11.1 **Investment risk**

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

11.2 **Credit or counterparty risk**

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

11.3 **Interest rate risk**

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

11.4 **Volatility and liquidity risk**

The high yield debt securities associated with Mainland China, Hong Kong and Macau may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

11.5 **Risk associated with debt securities rated below investment grade and/or unrated**

The Sub-Fund may invest in debt securities rated below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings or below Baa3 by Moody’s) or which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

11.6 **Downgrading risk**

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
11.7 **Valuation risk**

Valuation of the Sub-Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

11.8 **Credit rating risk**

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

11.9 **Concentration risk**

The Sub-Fund’s investments are concentrated in a specific geographical location. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

11.10 **Currency and exchange rate risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the Base Currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency of the Sub-Fund and by changes in exchange rate controls. The currencies of some underlying assets of the Sub-Fund may not be freely convertible and may be subject to exchange controls and restrictions.

11.11 **Risks associated with “Dim Sum” bond market**

The “Dim Sum” bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalization of the offshore RMB (CNH) market by the relevant regulator(s).

11.12 **Emerging market risk**

The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

11.13 **Currency hedging risk**

While potentially reducing the currency risks to which the Sub-Fund would otherwise be exposed, currency hedging instruments may involve the risk of a default by a counterparty (counterparty risk). In addition, hedging involves costs and may be ineffective, resulting in significant loss. The cost of hedging transactions and hedging conducted at the Sub-Fund level may preclude Unitholders from benefitting from the appreciation of currencies which are not the base currency of the Sub-Fund.
11.14 **Risks of payment of distributions out of or effectively out of capital**

The Sub-Fund charges all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay dividend out of capital and as such may impact the dividend payment to unitholders. Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.

The distribution amount of and NAV of the hedged unit class may be adversely affected by differences in the interest rates of the reference currency of the hedged unit class and the Sub-Fund’s base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

11.15 **Risks associated with investment in FDI**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

11.16 **China Interbank Bond Market risk**

The China Interbank Bond Market is an over-the-counter market established in 1997. The China Interbank Bond Market is in a stage of development and internationalization. The China interbank bond market is also subject to regulatory risks. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on such market fluctuating significantly. In particular, the bid and offer spreads of the prices of onshore Mainland Chinese bonds may be large, and the Sub-Fund may therefore incur significant trading and realization costs when selling such investments. The Sub-Fund may also be exposed to risks associated with settlement procedures, default of counterparties and the repatriation of capital.

11.17 **Risks associated with urban investment bonds**

Urban investment bonds are issued by LGFVs. Although local governments may be seen to be closely connected to urban investment bonds, such bonds are typically not guaranteed by local governments or the central government of Mainland China. As such, local governments or the central government of Mainland China are not obliged to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

11.18 **Custody risk**

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme
circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organized securities markets.

11.19 Mainland China regulatory risk

The Sub-Fund’s ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

11.20 Mainland China tax risk

There are risks and uncertainties associated with the current Mainland Chinese tax laws, regulations and practice in respect of capital gains realized or interest arising from the Sub-Fund’s investments in Mainland Chinese securities (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund’s value.

Based on professional and independent tax advice, the tax provisioning policy of the Sub-Fund will be as follows:

- Provide for 10% WIT in respect of interest income received before 7 November 2018 where such WIT has not been withheld by Mainland Chinese issuers with regard to non-government onshore Mainland Chinese bonds.

- Provide for 6.3396% VAT (including surcharges) in respect of interest income received before 7 November 2018 where such VAT has not been withheld by Mainland Chinese issuers with regard to non-government onshore Mainland Chinese bonds (this VAT provision applies from 1 May 2016).

Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund’s assets, will adversely affect the Sub-Fund’s NAV. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

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

11.21 Risks associated with investment in convertible and exchangeable bonds

Convertible bonds are a hybrid between debt and equity, which permit conversion into the shares in the company issuing the bond at a specified future date. Exchangeable bonds are also a hybrid between debt and equity, which permit conversion into the shares in a company, other than in the company issuing the bond (but usually within the same group), at a specified future date. As such, convertible bonds and exchangeable bonds will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible
bonds and exchangeable bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

11.22 **Risks associated with investment in equities, equity rights and warrants**

The Sub-Fund may acquire and hold equity securities which are acquired through the exercise of conversion rights (including convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. Such conversions may occur at a particular time due to the issuer (whose debt instrument or warrant is held by the Sub-Fund) relying on call provisions of the relevant debt instrument or warrant to require the Sub-Fund to exercise its conversion right. As such, the Sub-Fund may not be able to wholly decide when to exercise its conversion right, subscription right or warrant, and the equity securities acquired as a result of the conversion may be at a time when the value of that equity security is higher than it may be if the debt instrument or warrant were to be redeemed by the Sub-Fund at the initial specified future date.

11.23 **Risk relating to hedged unit classes**

The hedging strategy for a unit class which is hedged against the base currency of the Sub-Fund, may not work as intended, exposing investors of that unit class to currency risk. Additionally, investors of a hedged unit class may be exposed to fluctuations in the NAV per Unit reflecting the gains/losses on and the associated transaction costs of the financial instruments used for hedging, and such investors may be adversely impacted.

11.24 **Risks associated with investments in LAP**

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.
D. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – SYSTEMATIC ALLOCATION PORTFOLIO MEDIUM CLASSIC (USD)

1. UBS (HK) FUND SERIES – SYSTEMATIC ALLOCATION PORTFOLIO MEDIUM CLASSIC (USD)

This document relates to the UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD), a sub-fund established under the Trust. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus. In case of discrepancies between Part A (the Trust Prospectus) and Part D (this Fund Specific Prospectus) of this document in relation to the Sub-Fund, this Part D shall prevail.

2. DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

"Amortization Period" the five accounting periods (or such other period as determined by the Manager) commencing from the date of launch of the Sub-Fund;

"Base Currency" US dollar;

"Business Day" any day other than Saturday or Sunday, on which banks in Hong Kong and the United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;

"Dealing Day" each Business Day and such other day(s) as the Manager may from time to time determine;

"Initial Issue Price" (i) with respect to Class Q Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class); and (ii) with respect to Class M Units means RMB100 per Unit;
"Initial Offer Period" (i) Class Q Units (except for Class Q USD-6%-mdist Units) and Class M Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee); and (ii) with respect to Class Q USD-6%-mdist Units means from 9:00 a.m. (Hong Kong time) on 12 August 2019 until 5:00 p.m. (Hong Kong time) on 23 August 2019 with the initial Dealing Day on 26 August 2019 (or such other date as the Manager may in its discretion determine (after consultation with the Trustee));

"Issue Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for the issue of Units;

"Redemption Charge" a charge payable by the Unitholder and calculated as a percentage of the Redemption Price of each Unit which is being redeemed by that Unitholder;

"Redemption Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for redemption of Units;

"Sub-Fund" UBS (HK) Fund Series – Systematic Allocation Portfolio Medium Classic (USD), being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;

"Subscription Charge" a charge payable by the Unitholder and calculated as a percentage of the subscription amount based on the Initial Issue Price or Issue Price (as the case may be) of each Unit which is issued to that Unitholder;

"Trust Prospectus" the prospectus in Part A of this document relating to the Trust, as amended or supplemented from time to time; and

"Valuation Point" the close of business in the last relevant market to close on each Business Day or such other time or times as the Manager (after consultation with the Trustee) may from time to time determine.
3. **SUMMARY**

Set out below is a summary of the Sub-Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled "Risk Factors" in the Trust Prospectus and the section entitled "Sub-Fund Specific Risk Factors" in this Fund Specific Prospectus. Key information in respect of the Sub-Fund is as follows:

<table>
<thead>
<tr>
<th>Initial Issue Price* (per Unit)</th>
<th>Class M Units: RMB100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class Q Units: US$100/HK$100</td>
</tr>
</tbody>
</table>

**Initial Offer Period**

- Class A Units, Class I-B Units and Class K-1 Units have been launched.
- Class M Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee).
- Class Q Units (except for Class Q USD-6%-mdist Units): not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee).
- Class Q USD-6%-mdist Units: from 9:00 a.m. (Hong Kong time) on 12 August 2019 until 5:00 p.m. (Hong Kong time) on 23 August 2019 with the initial Dealing Day on 26 August 2019 (or such other date as the Manager may in its discretion determine (after consultation with the Trustee)).

**Issue Price**

- the Net Asset Value per Unit calculated as at the Valuation Point, and subject to a Subscription Charge and any fiscal and purchase charges.

**Dealing Day**

- each Business Day and such other day(s) as the Manager may from time to time determine.
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| Initial Minimum Subscription Amount*#        | Class A USD Units: US$2,500 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$2,500 (or its equivalent in any other freely convertible currency)  
Class I-B USD Units: US$30,000,000 (or its equivalent in any other freely convertible currency)  
Class K-1 USD Units: US$500,000 (or its equivalent in any other freely convertible currency)  
Class K-1 HKD Units: HK$4,000,000 (or its equivalent in any other freely convertible currency)  
Class M Units: RMB2,500 (or its equivalent in any other freely convertible currency)  
Class Q USD Units: US$2,500 (or its equivalent in any other freely convertible currency)  
Class Q HKD Units: HK$2,500 (or its equivalent in any other freely convertible currency) |
| Subsequent Minimum Subscription Amount *#     | Class A USD Units: US$1,000 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$1,000 (or its equivalent in any other freely convertible currency)  
Class I-B USD Units: US$100,000 (or its equivalent in any other freely convertible currency)  
Class K-1 USD Units: US$250,000 (or its equivalent in any other freely convertible currency)  
Class K-1 HKD Units: HK$2,000,000 (or its equivalent in any other freely convertible currency)  
Class M Units: RMB1,000 (or its equivalent in any other freely convertible currency)  
Class Q USD Units: US$1,000 (or its equivalent in any other freely convertible currency)  
Class Q HKD Units: HK$1,000 (or its equivalent in any other freely convertible currency) |
| Minimum Redemption Amount*                   | Class A Units: not applicable  
Class I-B Units: not applicable  
Class K-1 Units: not applicable  
Class M Units: not applicable  
Class Q Units: not applicable |
<table>
<thead>
<tr>
<th>Minimum Holding*</th>
<th>Class A Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class I-B Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class K-I Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class M Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
<tr>
<td></td>
<td>Class Q Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manager</th>
<th>UBS Asset Management (Hong Kong) Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Manager</td>
<td>UBS Asset Management Switzerland AG</td>
</tr>
<tr>
<td>Investment Advisors</td>
<td>UBS AG, Hong Kong branch and UBS AG, Singapore branch</td>
</tr>
<tr>
<td>Trustee, Custodian and Registrar</td>
<td>HSBC Institutional Trust Services (Asia) Limited</td>
</tr>
</tbody>
</table>

* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

# The Manager has discretion to waive or lower the minimum subscription amount.
<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee</th>
<th>Service Fee</th>
<th>Registrar Fee</th>
<th>Trustee Fee</th>
<th>Subscription Charge</th>
<th>Conversion Fee</th>
<th>Redemption Charge</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A*</td>
<td>Up to 1.2%**</td>
<td>Up to 0.4%**</td>
<td>USD6,000 per annum for the first 50 Unitholders and USD100 per annum per Unitholder</td>
<td>Up to 0.09% **</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Class I-B*</td>
<td>Nil</td>
<td>Nil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class K-1*</td>
<td>Up to 0.82%**</td>
<td>Up to 0.4%**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.

† It is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
4. INVESTMENT OBJECTIVE AND POLICY

4.1 Currency Denomination

The base currency of the Sub-Fund is USD. Units in the Sub-Fund are offered in USD upon the launch of the Sub-Fund. Classes of Units in other currencies may be offered in the future at the Manager's discretion.

4.2 Investment Objective

The investment objective of the Sub-Fund is to deliver interest income and capital growth by investing in a broadly diversified portfolio of traditional asset classes, namely global equities, bonds and cash/cash equivalent instruments.

4.3 Investment Strategy

The Investment Manager will manage the Sub-Fund in a way to maintain a moderate level of risk. The Investment Manager adopts an asset allocation model based on a systematic approach which aims to identify market trends, align asset allocation to these trends and thereby reduce losses during significant downturns in the equity markets. The process takes into account various short and long-term indicators of company profits, market risks and equity market momentum, in determining the allocation to various asset classes.

For this reason, the Sub-Fund’s equity exposure can vary greatly, from 0% up to a maximum of 70% of the Sub-Fund’s NAV. Where the equity exposure is lower than the above maximum, the investment in bonds and money market instruments and/or cash is proportionately higher. The Sub-Fund’s equity exposure is not limited to a particular range of market capitalisation, or to any geographical, industry or sectoral allocation.

The Sub-Fund may also invest up to 100% of its NAV in debt securities. The Investment Manager may invest in investment grade (i.e. assigned with a rating of BBB- or higher by Standard & Poor’s or Fitch Ratings, or Baa3 or higher by Moody's), non-investment grade (i.e. assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings, or below Baa3 by Moody's) and unrated debt securities (including but not limited to asset backed securities, mortgage backed securities and asset backed commercial papers, etc.) issued or guaranteed by governments, government agencies or supranational bodies or companies in both developed and less developed markets. There is no restriction on the minimum credit ratings of the debt securities that the Sub-Fund may hold (directly or indirectly).

Further, the Sub-Fund’s exposure to cash/cash equivalents will be up to 30% of its NAV.

The Sub-Fund may invest up to 100% of its NAV in ETFs (as defined in the Trust Prospectus above) to gain exposure to equity and debt securities. The ETFs are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Sub-Fund may also gain exposure to equity and debt securities directly and/or through investments in units or shares of underlying schemes (as defined in the Trust Prospectus above and excluding ETFs) which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), provided that such investments, in aggregate, may not
exceed 30% of the Sub-Fund’s NAV and are in accordance with Chapter 7 of the Code as set out in the section headed “Investment Restrictions” in the Trust Prospectus above.

The Sub-Fund’s aggregate exposure (whether direct or indirect) to A-Shares and B-Shares will not be more than 10% of its NAV. Direct access may be achieved via the Stock Connect or any permissible means under relevant regulations.

The Sub-Fund may also invest in LAP e.g. contingent convertible bonds and senior non-preferred debts. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be up to 50% of its NAV.

For the avoidance of doubt, the total investments of the Sub-Fund in the Mainland Chinese markets, regardless of any investment channels (including but not limited to the Stock Connect) may not exceed 20% of the NAV of the Sub-Fund.

The Sub-Fund may use FDIs for hedging and investment purposes in accordance with Chapter 7 of the Code as set out in the section headed “Investment Restrictions” in the Trust Prospectus above. The net derivative exposure of the Sub-Fund may be up to 50% of its NAV.

The Manager does not intend to enter into securities lending transactions, repurchase or reverse repurchase transactions or other similar over-the-counter transactions, on behalf of the Sub-Fund.

4.4 Investment and Borrowing Restrictions

Please also refer to the sections headed "Investment Restrictions" and "Borrowing Restrictions" in the Trust Prospectus.

5. UNIT CLASSES

Class A Units, Class I-B Units, Class K-1 Units and Class M Units are offered in the Sub-Fund. Units will be in registered form. Unit certificates will not be issued. Unit classes shall be sub-divided into distribution unit class (where dividends declared will be paid to the Unitholders) and accumulation unit class (where no dividends will be distributed).

The Manager may establish new class(es) of Units, or cease to offer existing class(es) of Units, from time to time.

The following classes of Units will be offered by the Sub-Fund:

- The following classes of Class A Units are available to all members of the public in Hong Kong:
  - A USD-acc;
  - A USD-6%-mdist;
  - A HKD-acc; and
  - A HKD-6%-mdist.
• The following class of Class I-B Units is exclusively available to institutional investors who have signed a written agreement with UBS AG or one of its authorized counterparties. The costs for asset management are charged to investors under the aforementioned agreements. Class I-B Units are generally not available to retail investors:
  - I-B USD-acc

• The following classes of Class K-1 Units are available to all investors:
  - K-1 USD-acc;
  - K-1 USD-6%-mdist;
  - K-1 HKD-acc; and
  - K-1 HKD-6%-mdist.

• The following class of Class M Units is exclusively available to investors in Mainland China:
  - M RMB-acc

• The following classes of Class Q Units are available to Class Q Eligible Investors:
  - Q USD-acc;
  - Q USD-mdist;
  - Q USD-6%-mdist;
  - Q HKD-acc; and
  - Q HKD-mdist.

Additional characteristics:

<table>
<thead>
<tr>
<th>&quot;acc&quot;</th>
<th>For Unit classes with &quot;-acc&quot; in their name, income is not distributed unless the Manager decides otherwise.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;mdist&quot;</td>
<td>Unit classes with &quot;-mdist&quot; in their name may make monthly distributions. They may also make distributions out of capital (this may include inter alia realised and unrealised net gains/losses in net asset value) (&quot;Capital&quot;), at the discretion of the Manager, or pay distributions out of gross income while charging/paying all or part of the Sub-Fund’s fees and expenses to/out of the Capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of Capital. Payment of dividends out of Capital and/or effectively out of Capital may result in an immediate reduction in the Sub-Fund's net asset value per unit. Investors in certain countries/jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund Units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-mdist) Unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) Unit classes at a later point in time than is the case with distributing (-mdist) Unit classes.</td>
</tr>
</tbody>
</table>
Investors should seek their own tax advice.

**“6%”**

Units in classes with “6%” in their name may make monthly (-mdist) or annual (-dist) distributions at the annual percentage rate of 6%, gross of fees and expenses. The distribution amount is calculated based on the Net Asset Value of the respective Unit class at the end of the month (in the case of monthly distributions) or financial year (in the case of annual distributions). These Unit classes are suitable for investors who wish for more stable distributions, unrelated to past or expected returns or income of the Sub-Fund.

Distributions may thus also be made from the Capital. Distributions out of capital result in the reduction of an investor’s original capital invested in the Sub-Fund. Furthermore, any distributions from the income and/or involving the capital result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund. Investors in certain countries/jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund units. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist, -mdist) Unit classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) Unit classes compared with distributing (-dist, -mdist) Unit classes. Investors should consult qualified experts for tax advice regarding their individual situation.

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6. **SUBSCRIPTION FOR UNITS**

6.1 **Issue Price**

Each Unit will be offered during the Initial Offer Period at the Initial Issue Price as set out in the table in the section headed "Summary" in this Fund Specific Prospectus, subject to the Subscription Charge (if any).

Thereafter, each Unit will be offered at the Issue Price, being the Net Asset Value per Unit calculated as at the Valuation Point, and again subject to a Subscription Charge and any fiscal and purchase charges (if any).

6.2 **Minimum Subscription and Minimum Holding**

Please refer to the table in the section entitled "Summary" in this Fund Specific Prospectus for (i) the initial minimum subscription amount that must be subscribed for the Units, (ii) subsequent minimum subscription amount, (iii) minimum redemption amount, and (iv) minimum holding of Units.

The Manager may, at its discretion, waive or modify these minimum limits.

6.3 **Application Procedure**

When an investor submits the application instruction via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the application deadline of the Sub-Fund as listed below.
Application forms for the subscription of Units during the Initial Offer Period must be received by the Registrar (directly or via the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the last Business Day of the Initial Offer Period. Cleared funds in full for the relevant application for subscription must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later date as the Manager may determine).

Following the close of the Initial Offer Period, application instructions for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the relevant Dealing Day, being the dealing cut-off time, and the application will be effected at the Issue Price plus the Subscription Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. Cleared funds in full for the relevant application for subsequent subscription must be received by the Registrar on or before the third Business Day following the relevant Dealing Day (or such later date as the Manager may determine). An application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Subscriptions will only be accepted in the relevant class currency of the Units. No third party payment will be allowed.

7. REDEMPTION OF UNITS

7.1 Redemption of Units

A Unitholder may redeem all or some of its Units in whole on any Dealing Day. A Unitholder wishing to redeem its Units should confirm the minimum redemption size with his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding of Units remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it as instructed on the redemption form or by other written or electronic means specified by the Manager and the Trustee. Redemption forms can be obtained from the Authorized Distributor(s) or the Manager.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please refer to the section entitled "Conversion of Units" in the Trust Prospectus.

7.2 Redemption Procedure

When a Unitholder submits the redemption request via his/her Authorized Distributor, that Unitholder should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the Sub-Fund listed below.

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Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please see section entitled "Conversion of Units" in the Trust Prospectus.

Redemption requests for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the redemption will be effected at the Redemption Price less the Redemption Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making such payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

If the Trustee is required by the laws or regulations of any relevant jurisdiction to withhold any redemption moneys payable to the holder of a Unit the amount of such amount shall be deducted from the redemption moneys otherwise payable to such person.

All redemption moneys will be paid in the relevant class currency of the Units. No third party payment will be allowed.

7.3 Redemption Gate

The Manager may only limit the aggregate number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion by value of those Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

8. CALCULATION OF NET ASSET VALUE

The Net Asset Value per Unit will be calculated as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".

9. DISTRIBUTION POLICY

At the discretion of the Manager, declaration of distributions in respect of distribution unit classes may be made on the 15th of each calendar month or the last month in each calendar year, if the 15th is not a Business Day, on the following Business Day. These distributions will normally be paid in the same calendar month of declaration. However, the Manager has
discretion to decide whether or not to declare any dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. It is the intention of the Manager to distribute out of the gross investment income for the Sub-Fund as well as, in its discretion, from the Sub-Fund's capital. Investors should note that as fees and expenses may be deducted from the capital of the relevant class, this will result in an increase in distributable income for the payment of dividends but may constrain capital growth. An income equalization amount will be calculated so that the distribution corresponds to the actual income entitlement such that the level of net income accrued within the Sub-Fund is not affected by the issue, conversion of redemption of those Units during an accounting period. Please also refer to the risk factor entitled "Risks of payment of distributions out of or effectively out of capital".

With respect to distribution Unit classes (i.e., Unit classes described as "-mdist" in the name), the amount of dividends declared will be paid to Unitholders accordingly. All such dividends will be paid in the relevant class currency of the Units by telegraphic transfer to the bank account of the relevant Unitholder.

With respect to fixed rate distribution Unit classes described as “6%-mdist” in the name, distributions will be made monthly at the annual dividend rate of 6%. The dividend rate and distribution frequency of the fixed rate distribution Unit classes will not be changed. The distribution amount will be calculated by the following formula:

- Monthly distribution amount = \( \frac{6\%}{12\text{ months}} \times \text{Net Asset Value at the end of each month} \)

Please also refer to the risk factor entitled "Risk relating to distributions at fixed rate" below.

With respect to accumulation unit classes (i.e., unit classes described as "-ace" in the name), no distribution of dividends will be made. Therefore, any net income and net realized profits attributable to such Units will be reflected in the Net Asset Value of the Units.

10. CHARGES AND EXPENSES

 Fees payable by Unitholders:

10.1 Subscription Charge and Redemption Charge

Currently a Subscription Charge of up to 3% of the subscription amount is applicable to Class A Units, Class I-B Units, Class K-1 Units, Class M Units and Class Q Units. No Redemption Charge is applicable to Class A Units, Class I-B Units, Class K-1 Units, Class M Units or Class Q Units.

The Manager may pay the whole or a part of the proceeds from the Subscription Charge and/or Redemption Charge (if any) to any Authorized Distributor.

10.2 Transfer Fee

Should a Unitholder wish to transfer one or more Units, currently no transfer fee is chargeable to the transferor.
10.3 **Conversion Fee**

Should a Unitholder wish to convert one or more Units of the Sub-Fund into Units of another sub-fund of the Trust, currently a conversion fee of up to 1% of the subscription amount is applicable to Class A Units, Class I-B Units, Class K-1 Units, Class M Units and Class Q Units.

**Fees payable by the Sub-Fund:**

10.4 **Management Fee and Service Fee**

The Manager is entitled to receive a management fee and a service fee from the Sub-Fund, currently at a rate as set out in the table under the section headed "Summary" of this Fund Specific Prospectus. The management fee and the service fee are calculated and accrued as at each Business Day by reference to the Net Asset Value of the Sub-Fund. The management fee and the service fee are payable monthly in arrears. Under the Trust Deed, the maximum rate of the management fee that the Manager is entitled to receive is 2.5% per annum of the Net Asset Value of the Sub-Fund and the maximum rate of the service fee that the Manager is entitled to receive is 0.5% per annum of the Net Asset Value of the Sub-Fund.

10.5 **Trustee Fee**

The Trustee will receive an asset based fee of up to 0.09% per annum of the Net Asset Value of this Sub-Fund (the "Trustee Fee") for trustee services. The maximum rate of the Trustee Fee is 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum annual fee of USD60,000). The Trustee Fee is calculated and accrued as at each Dealing Day and is payable monthly in arrears. The Trustee Fee includes the fees payable for the services rendered in its capacity as trustee of the Trust.

In addition to the Trustee Fee, the Trustee is also entitled to receive a fee for acting as Registrar of USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder. It is also entitled to receive various transaction, processing, safekeeping and valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

10.6 **Performance Fee**

No performance fee will be payable to the Manager by the Sub-Fund.

10.7 **Establishment Expenses**

The establishment costs and payments incurred in the establishment of the Sub-Fund are to be borne by the Sub-Fund and amortized over the Amortization Period. The Manager may determine that the unamortized establishment costs of the Trust or a part thereof may be reallocated this Sub-Fund.

Please refer to “Establishment Expenses” in section 15.5 of the Trust Prospectus for further details.
10.8 **Suspension of Dealing**

Application for Units made or pending during a suspension period (for further details see "Suspension of Dealing" in section 13.2 of the Trust Prospectus) may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day (and for this purpose with respect to this Sub-Fund, such reference to the first Dealing Day shall be a reference to the first Business Day) following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

11. **SUB-FUND SPECIFIC RISK FACTORS**

In addition to the risk factors set out in the section entitled "Risk Factors" in section 6 of the Trust Prospectus, your attention is drawn to the additional principal risks specific to this Sub-Fund set out below.

11.1 **Investment risk**

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

11.2 **Equity market risk**

The Sub-Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

11.3 **Risks associated with debt securities**

11.3.1 **Credit or counterparty risk**

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

11.3.2 **Interest rate risk**

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

11.3.3 **Volatility and liquidity risk**

The debt securities associated with less developed markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.
11.3.4 Risk associated with debt securities rated below investment grade and/or unrated

The Sub-Fund may invest in debt securities rated below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings or below Baa3 by Moody's) or which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

11.3.5 Downgrading risk

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

11.3.6 Sovereign debt risk

The Sub-Fund’s investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

11.3.7 Risks associated with collateralized and/or securitised products

The Sub-Fund invests in asset backed securities, mortgage backed securities and asset backed commercial papers, etc. which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

11.3.8 Valuation risk

Valuation of the Sub-Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

11.3.9 Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

11.4 Risk of the systematic allocation model

The systematic allocation model may not achieve the desired results under all circumstances and market conditions. The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may suffer greater transaction costs than a fund with static allocation strategy.
11.5 Currency and exchange rate risk

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the Base Currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency of the Sub-Fund and by changes in exchange rate controls. The currencies of some underlying assets of the Sub-Fund may not be freely convertible and subject to exchange controls and restrictions.

11.6 Emerging market risk

The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

11.7 Risk of investing in other funds

The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund’s redemption requests as and when made.

11.8 Risks relating to investment in ETFs

The Sub-Fund may invest in ETFs and are subject to the following risks:-

11.8.1 Passive investment risks

The ETFs that the Sub-Fund invests in may not be “actively managed” and the managers of the relevant ETFs does not attempt to select securities or to take defensive positions in declining markets. Consequently, falls in the underlying index of the ETFs are expected to result in a corresponding fall in the value of the Sub-Fund.

11.8.2 Tracking error risks

Factors such as fees and expenses of an underlying ETF, imperfect correlation between the ETF’s assets and the underlying securities within the relevant tracking index and rounding of share prices and adjustments to the tracking index may affect the ability of the manager of an underlying ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF’s return may therefore deviate from that of its tracking index.

11.8.3 Underlying index related risks

There is no guarantee that the underlying ETF will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective.
11.8.4 Counterparty risks

The Sub-Fund may invest in synthetic ETFs which may invest in FDIs which are issued by one or more issuers to gain exposure to a benchmark. Such underlying synthetic ETFs are therefore subject to counterparty risk of the FDIs’ issuers and may suffer substantial losses if such issuers default or fail to honour their contractual commitments.

11.8.5 Trading risks

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange. The units/shares of the ETFs in which the Sub-Fund invests may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

11.9 Risks of payment of distributions out of or effectively out of capital

The Sub-Fund charges all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay dividend out of capital and as such may impact the dividend payment to Unitholders. Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.

11.10 Risk relating to distributions at fixed rate

Units in classes with “6%” in their name may make monthly (-mdist) distributions at the annual percentage rate of 6%, gross of fees and expenses (please refer to the section headed "Summary" of this Fund Specific Prospectus for the calculation basis of the monthly distribution amount) (“Fixed Rate Distribution Classes”). Investments in the Fixed Rate Distribution Classes are not an alternative to a savings account or fixed-interest paying investment. The percentage of distributions paid by the Fixed Rate Distribution Classes is unrelated to expected or past income or returns of these Unit classes or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realised. Fixed Rate Distribution Classes will continue to distribute in periods that the Sub-Fund has negative returns or is making losses, which further reduces the Net Asset Value of the Fixed Rate Distribution Class. In extreme circumstances, investors may not be able to get back the original investment amount.

Investors should note that a positive distribution yield does not imply a positive return. Also, Fixed Rate Distribution Classes do not distribute a fixed amount and the constant percentage of distribution results in higher absolute distributions when the Net Asset Value of the relevant Fixed Rate Distribution Class is high, and lower absolute distributions when Net Asset Value of the relevant Fixed Rate Distribution Class is low. Hence, the absolute distributions received by investors may vary from month to month.
11.11 **Risks associated with investment in FDI**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

11.12 **Custody risk**

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organized securities markets.

11.13 **Risks associated with investment in convertible bonds**

Convertible bonds are a hybrid between debt and equity, which permit conversion into the shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

11.14 **Risks associated with investment in equities, equity rights and warrants**

The Sub-Fund may acquire and hold equity securities which are acquired through the exercise of conversion rights (including convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. Such conversions may occur at a particular time due to the issuer (whose debt instrument or warrant is held by the Sub-Fund) relying on call provisions of the relevant debt instrument or warrant to require the Sub-Fund to exercise its conversion right. As such, the Sub-Fund may not be able to wholly decide when to exercise its conversion right, subscription right or warrant, and the equity securities acquired as a result of the conversion may be at a time when the value of that equity security is higher than it may be if the debt instrument or warrant were to be redeemed by the Sub-Fund at the initial specified future date.

11.15 **Risks associated with investments in LAP**

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control.
Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.
E. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – GLOBAL SELECT EQUITY (USD)

1. UBS (HK) FUND SERIES – GLOBAL SELECT EQUITY (USD)

This document relates to the UBS (HK) Fund Series – Global Select Equity (USD), a sub-fund established under the Trust. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus. In case of discrepancies between Part A (the Trust Prospectus) and Part E (this Fund Specific Prospectus) of this document in relation to the Sub-Fund, this Part E shall prevail.

2. DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

"Amortization Period" the five accounting periods (or such other period as determined by the Manager) commencing from the date of launch of the Sub-Fund;

"Base Currency" US dollar;

"Business Day" any day other than Saturday or Sunday, on which banks in Hong Kong and the United States are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;

"Dealing Day" each Business Day and such other day(s) as the Manager may from time to time determine;

"Initial Issue Price" with respect to Class A Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class);

"Initial Offer Period" Class A Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee);

"Issue Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for the issue of Units;
"Redemption Charge" a charge payable by the Unitholder and calculated as a percentage of the Redemption Price of each Unit which is being redeemed by that Unitholder;

"Redemption Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for redemption of Units;

"Sub-Fund" UBS (HK) Fund Series – Global Select Equity (USD), being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;

"Subscription Charge" a charge payable by the Unitholder and calculated as a percentage of the subscription amount based on the Initial Issue Price or Issue Price (as the case may be) of each Unit which is issued to that Unitholder;

"Trust Prospectus" the prospectus in Part A of this document relating to the Trust, as amended or supplemented from time to time; and

"Valuation Point" the close of business in the last relevant market to close on each Business Day or such other time or times as the Manager (after consultation with the Trustee) may from time to time determine.
3. **SUMMARY**

Set out below is a summary of the Sub-Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled “Risk Factors” in the Trust Prospectus and the section entitled “Sub-Fund Specific Risk Factors” in this Fund Specific Prospectus. Key information in respect of the Sub-Fund is as follows:

<table>
<thead>
<tr>
<th>Initial Issue Price* (per Unit)</th>
<th>Class A Units: US$100/HK$100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Offer Period</td>
<td>Class A Units: not available on the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td>Issue Price</td>
<td>the Net Asset Value per Unit calculated as at the Valuation Point, and subject to a Subscription Charge and any fiscal and purchase charges</td>
</tr>
<tr>
<td>Dealing Day</td>
<td>each Business Day and such other day(s) as the Manager may from time to time determine</td>
</tr>
</tbody>
</table>
| Initial Minimum Subscription Amount*# | Class A USD Units: US$2,500 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$2,500 (or its equivalent in any other freely convertible currency) |
| Subsequent Minimum Subscription Amount *# | Class A USD Units: US$1,000 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$1,000 (or its equivalent in any other freely convertible currency) |
| Minimum Redemption Amount*       | Class A Units: not applicable |
| Minimum Holding*                 | Class A Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes |
| Manager                          | UBS Asset Management (Hong Kong) Limited |
| Investment Advisor               | UBS Asset Management (UK) Limited |
| Trustee, Custodian and Registrar | HSBC Institutional Trust Services (Asia) Limited |
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.
# The Manager has discretion to waive or lower the minimum subscription amount.
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.

† It is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Service Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Registrar Fee</th>
<th>Trustee Fee† (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Subscription Charge (% of the subscription amount)</th>
<th>Conversion Fee (% of the subscription amount)</th>
<th>Redemption Charge (% of the Redemption Price of each Unit)</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A*</td>
<td>Up to 1.5%**</td>
<td>N/A</td>
<td>USD6,000 per annum for the first 50 Unitholders and USD100 per annum per Unitholder</td>
<td>Up to 0.09% **</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>
4. INVESTMENT OBJECTIVE AND POLICY

4.1 Currency Denomination

The base currency of the Sub-Fund is USD. Units in the Sub-Fund are offered in USD upon the launch of the Sub-Fund. Classes of Units in other currencies may be offered in the future at the Manager's discretion.

4.2 Investment Objective

The investment objective of the Sub-Fund is to provide a total return consisting of capital growth and income via an actively managed concentrated global equity portfolio with focus on stock-specific insights and maintaining diversity across sectors and markets.

4.3 Investment Strategy

The Manager intends to build a concentrated portfolio of around 30 to 45 stocks by identifying the best opportunities to add value. The strategy of the Sub-Fund is to identify and select, via the Manager’s research resources and use of proprietary systems and processes, those companies which the Manager’s assessment of intrinsic value identifies as undervalued by the market, while maintaining diversity across sectors and markets. Once identified, the Sub-Fund will take a significant position in these companies.

The Sub-Fund will invest primarily (i.e. not less than 70% of its NAV) in equities and other equity-like securities, including ordinary shares of listed global equities, listed real estate investment trusts (“REITs”), depositary receipts and preferred shares, etc. Further, the Sub-Fund may invest in or acquire rights or warrants to buy ordinary shares, for not more than 15% of its NAV. The Sub-Fund will also invest not more than 15% of its NAV in collective investment schemes, cash and currency instruments.

The Sub-Fund is not intended to focus or limit its exposure on any particular sector, market, industry or company capitalisation, which means the Sub-Fund’s largest active positions are in companies where the Manager sees the greatest mispricing and in which the Manager has the most conviction, although the Sub-Fund’s investments may, as a result, be concentrated in the stocks of a limited number of companies. Risk is managed by seeking to remain diversified across markets and sectors.

The Sub-Fund may invest in LAP e.g. contingent convertible bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be less than 30% of its NAV.

The Sub-Fund may use FDIs for hedging and investment purposes in accordance with Chapter 7 of the Code in the sections headed "Investment Restrictions" in the Trust Prospectus above. The net derivative exposure of the Sub-Fund may be up to 50% of its NAV.

The Manager does not intend to enter into securities lending transactions, repurchase or reverse repurchase transactions or other similar over-the-counter transactions, on behalf of the Sub-Fund.
4.4 Investment and Borrowing Restrictions

Please also refer to the sections headed "Investment Restrictions" and “Borrowing Restrictions” in the Trust Prospectus.

5. UNIT CLASSES

Class A Units are offered in the Sub-Fund. Units will be in registered form. Unit certificates will not be issued. Unit classes shall be sub-divided into distribution unit class (where dividends declared will be paid to the Unitholders) and accumulation unit class (where no dividends will be distributed).

The Manager may establish new class(es) of Units, or cease to offer existing class(es) of Units, from time to time.

The following classes of Units will be offered by the Sub-Fund:

- The following classes of Class A Units are available to all members of the public in Hong Kong:
  - A USD-acc;
  - A USD-mdist;
  - A HKD-acc; and
  - A HKD-mdist.

Additional characteristics:

<table>
<thead>
<tr>
<th>&quot;acc&quot;</th>
<th>For Unit classes with &quot;:-acc&quot; in their name, income is not distributed unless the Manager decides otherwise.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;mdist&quot;</td>
<td>Unit classes with &quot;-mdist&quot; in their name may make monthly distributions. They may also make distributions out of capital (this may include inter alia realised and unrealised net gains/losses in net asset value) (&quot;Capital&quot;), at the discretion of the Manager, or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund’s fees and expenses to/ out of the Capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of Capital. Payment of dividends out of Capital and/or effectively out of Capital may result in an immediate reduction in the Sub-Fund's net asset value per unit. Investors in certain countries/jurisdictions may be subject to higher tax rates on distributed capital than on any capital gains from the sale of fund Units. Some investors may therefore prefer to subscribe to accumulating (-acc) rather than distributing (-mdist) Unit classes. Investors may be taxed on income and capital arising from accumulating (-acc) Unit classes at a later point in time than is the case with distributing (-mdist) Unit classes. Investors should seek their own tax advice.</td>
</tr>
</tbody>
</table>
6. SUBSCRIPTION FOR UNITS

6.1 Issue Price

Each Unit will be offered during the Initial Offer Period at the Initial Issue Price as set out in the table in the section headed "Summary" in this Fund Specific Prospectus, subject to the Subscription Charge (if any).

Thereafter, each Unit will be offered at the Issue Price, being the Net Asset Value per Unit calculated as at the Valuation Point, and again subject to a Subscription Charge and any fiscal and purchase charges (if any).

6.2 Minimum Subscription and Minimum Holding

Please refer to the table in the section entitled "Summary" in this Fund Specific Prospectus for (i) the initial minimum subscription amount that must be subscribed for the Units, (ii) subsequent minimum subscription amount, (iii) minimum redemption amount, and (iv) minimum holding of Units.

The Manager may, at its discretion, waive or modify these minimum limits.

6.3 Application Procedure

When an investor submits the application instruction via his/her Authorized Distributor, that investor should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the application deadline of the Sub-Fund as listed below.

Application forms for the subscription of Units during the Initial Offer Period must be received by the Registrar (directly or via the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the last Business Day of the Initial Offer Period. Cleared funds in full for the relevant application for subscription must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later date as the Manager may determine).

Following the close of the Initial Offer Period, application instructions for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the relevant Dealing Day, being the dealing cut-off time, and the application will be effected at the Issue Price plus the Subscription Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. Cleared funds in full for the relevant application for subsequent subscription must be received by the Registrar on or before the third Business Day following the relevant Dealing Day (or such later date as the Manager may determine). An application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Subscriptions will only be accepted in the relevant class currency of the Units. No third party payment will be allowed.
7. **REDEMPTION OF UNITS**

7.1 **Redemption of Units**

A Unitholder may redeem all or some of its Units in whole on any Dealing Day. A Unitholder wishing to redeem its Units should confirm the minimum redemption size with his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding of Units remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it as instructed on the redemption form or by other written or electronic means specified by the Manager and the Trustee. Redemption forms can be obtained from the Authorized Distributor(s) or the Manager.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please refer to the section entitled "Conversion of Units" in the Trust Prospectus.

7.2 **Redemption Procedure**

When a Unitholder submits the redemption request via his/her Authorized Distributor, that Unitholder should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the Sub-Fund listed below.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please see section entitled "Conversion of Units" in the Trust Prospectus.

Redemption requests for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the redemption will be effected at the Redemption Price less the Redemption Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making such payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

If the Trustee is required by the laws or regulations of any relevant jurisdiction to withhold any redemption moneys payable to the holder of a Unit the amount of such amount shall be deducted from the redemption moneys otherwise payable to such person.
All redemption moneys will be paid in the relevant class currency of the Units. No third party payment will be allowed.

8. **CALCULATION OF NET ASSET VALUE**

The Net Asset Value per Unit will be calculated as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".

9. **DISTRIBUTION POLICY**

At the discretion of the Manager, declaration of distributions in respect of distribution unit classes may be made on the 15th of each calendar month or the last month in each calendar year, if the 15th is not a Business Day, on the following Business Day. These distributions will normally be paid in the same calendar month of declaration. However, the Manager has discretion to decide whether or not to declare any dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. It is the intention of the Manager to distribute out of the gross investment income for the Sub-Fund as well as, in its discretion, from the Sub-Fund's capital. Investors should note that as fees and expenses may be deducted from the capital of the relevant class, this will result in an increase in distributable income for the payment of dividends but may constrain capital growth. An income equalization amount will be calculated so that the distribution corresponds to the actual income entitlement such that the level of net income accrued within the Sub-Fund is not affected by the issue, conversion of redemption of those Units during an accounting period. Please also refer to the risk factor entitled "Risks of payment of distributions out of or effectively out of capital".

With respect to distribution Unit classes (i.e., Unit classes described as "-mdist" in the name), the amount of dividends declared will be paid to Unitholders accordingly. All such dividends will be paid in the relevant class currency of the Units by telegraphic transfer to the bank account of the relevant Unitholder.

With respect to accumulation unit classes (i.e., unit classes described as "-acc" in the name), no distribution of dividends will be made. Therefore, any net income and net realized profits attributable to such Units will be reflected in the Net Asset Value of the Units.

10. **CHARGES AND EXPENSES**

*Fees payable by Unitholders:*

10.1 **Subscription Charge and Redemption Charge**

Currently a Subscription Charge of up to 3% of the subscription amount is applicable to Class A Units. No Redemption Charge is applicable to Class A Units.

The Manager may pay the whole or a part of the proceeds from the Subscription Charge and/or Redemption Charge (if any) to any Authorized Distributor.
10.2 **Transfer Fee**

Should a Unitholder wish to transfer one or more Units, currently no transfer fee is chargeable to the transferor.

10.3 **Conversion Fee**

Should a Unitholder wish to convert one or more Units of the Sub-Fund into Units of another sub-fund of the Trust, currently a conversion fee of up to 1% of the subscription amount is applicable to Class A Units.

**Fees payable by the Sub-Fund:**

10.4 **Management Fee and Service Fee**

The Manager is entitled to receive a management fee and a service fee from the Sub-Fund, currently at a rate as set out in the table under the section headed "Summary" of this Fund Specific Prospectus. The management fee and the service fee are calculated and accrued as at each Business Day by reference to the Net Asset Value of the Sub-Fund. The management fee and the service fee are payable monthly in arrears. Under the Trust Deed, the maximum rate of the management fee that the Manager is entitled to receive is 2.5% per annum of the Net Asset Value of the Sub-Fund and the maximum rate of the service fee that the Manager is entitled to receive is 0.5% per annum of the Net Asset Value of the Sub-Fund.

10.5 **Trustee Fee**

The Trustee will receive an asset based fee of up to 0.09% per annum of the Net Asset Value of this Sub-Fund (the "Trustee Fee") for trustee services. The maximum rate of the Trustee Fee is 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum annual fee of USD60,000). The Trustee Fee is calculated and accrued as at each Dealing Day and is payable monthly in arrears. The Trustee Fee includes the fees payable for the services rendered in its capacity as trustee of the Trust.

In addition to the Trustee Fee, the Trustee is also entitled to receive a fee for acting as Registrar of USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder. It is also entitled to receive various transaction, processing, safekeeping and valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

10.6 **Performance Fee**

No performance fee will be payable to the Manager by the Sub-Fund.

10.7 **Establishment Expenses**

The establishment costs and payments incurred in the establishment of the Sub-Fund are to be borne by the Sub-Fund and amortized over the Amortization Period. The Manager may
determine that the unamortized establishment costs of the Trust or a part thereof may be re-allocated this Sub-Fund.

Please refer to "Establishment Expenses" in section 15.5 of the Trust Prospectus for further details.

10.8 Suspension of Dealing

Application for Units made or pending during a suspension period (for further details see "Suspension of Dealing" in section 13.2 of the Trust Prospectus) may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day (and for this purpose with respect to this Sub-Fund, such reference to the first Dealing Day shall be a reference to the first Business Day) following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

11. SUB-FUND SPECIFIC RISK FACTORS

In addition to the risk factors set out in the section entitled "Risk Factors" in section 6 of the Trust Prospectus, your attention is drawn to the additional principal risks specific to this Sub-Fund set out below.

11.1 Investment risk

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

11.2 Equity market risk

The Sub-Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

11.3 Risk of stocks selection resulting in concentration

The Sub-Fund’s investments selected by the Manager may be concentrated in the stocks of a limited number of companies. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

11.4 Risk of investing in REITs

The Sub-Fund may invest in REITs. Any dividend policy or dividend payout at the Sub-Fund level may not be representative of the dividend policy or dividend payout of the relevant underlying REIT. The relevant underlying REIT may not necessarily be authorised by the SFC in Hong Kong. Please note that the Sub-Fund is authorised under the SFC’s Code on Unit Trusts and Mutual Funds and not under the SFC’s Code on Real Estate Investment Trusts. SFC authorisation does not imply official approval or recommendation.
11.5 Risk of investing in preferred shares

Investment in preferred shares involves additional risks that are not typically associated with an investment in common stocks. Generally, holders of preferred shares have no voting rights with respect to the issuer unless preferred dividends are in arrears. An issuer of preferred shares may redeem the shares prior to a specified date or defer distributions for a stated period, which may negatively impact the return of the shares held by the Sub-Fund. Preferred shares may be substantially less liquid than common stocks and are subject to greater credit risk than bonds and other debt instruments. The value and performance of the Sub-Fund may be adversely affected as a result.

11.6 Risks of investing in depositary receipts

Depositary receipts are certificates issued typically by a bank or a trust company that give their holders the right to receive securities issued by a foreign or domestic company. Depositary receipts do not eliminate currency, economic and taxation risks relating to the underlying shares, which may adversely affect the Sub-Fund.

11.7 Currency and exchange rate risk

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the Base Currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency of the Sub-Fund and by changes in exchange rate controls. The currencies of some underlying assets of the Sub-Fund may not be freely convertible and subject to exchange controls and restrictions.

11.8 Risk of investing in other funds

The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund’s redemption requests as and when made.

11.9 Risks of payment of distributions out of or effectively out of capital

The Sub-Fund charges all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay dividend out of capital and as such may impact the dividend payment to Unitholders. Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.

11.10 Risks associated with investment in FDI

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an
FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

11.11 Custody risk

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organized securities markets.

11.12 Risks associated with investment in equities, equity rights and warrants

The Sub-Fund may acquire and hold equity securities which are acquired through the exercise of conversion rights, subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. Such conversions may occur at a particular time due to the issuer (whose debt instrument or warrant is held by the Sub-Fund) relying on call provisions of the relevant debt instrument or warrant to require the Sub-Fund to exercise its conversion right. As such, the Sub-Fund may not be able to wholly decide when to exercise its conversion right, subscription right or warrant, and the equity securities acquired as a result of the conversion may be at a time when the value of that equity security is higher than it may be if the debt instrument or warrant were to be redeemed by the Sub-Fund at the initial specified future date.

11.13 Risks associated with investments in LAPs

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
F. FUND SPECIFIC PROSPECTUS OF UBS (HK) FUND SERIES – GLOBAL HIGH YIELD BOND (USD)

1. UBS (HK) FUND SERIES – GLOBAL HIGH YIELD BOND (USD)

This document relates to the UBS (HK) Fund Series – Global High Yield Bond (USD), a sub-fund established under the Trust. This Fund Specific Prospectus should be read in conjunction with the Trust Prospectus. In case of discrepancies between Part A (the Trust Prospectus) and Part F (this Fund Specific Prospectus) of this document in relation to the Sub-Fund, this Part F shall prevail.

2. DEFINITIONS

Defined terms used in this Fund Specific Prospectus which are not defined below bear the same meanings as in the Trust Prospectus.

"Amortization Period" the five accounting periods (or such other period as determined by the Manager) commencing from the date of launch of the Sub-Fund;

"Base Currency" US dollar;

"Business Day" any day other than Saturday or Sunday, on which banks in Hong Kong are open for normal banking business, but excluding any day on which a tropical cyclone warning signal 8 or higher or a black rain storm warning signal or any warning or signal considered by the Manager to be similar in effect is in force in Hong Kong after 9:00 a.m. (Hong Kong time) and before 5:00 p.m. (Hong Kong time) on that day unless the Manager and the Trustee otherwise agree;

"Dealing Day" each Business Day and such other day(s) as the Manager may from time to time determine;

"Initial Issue Price" with respect to Class A Units means US$100/HK$100 per Unit (as applicable depending on currency of relevant class);

"Initial Offer Period" Class A Units are not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee);

"Issue Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for the issue of Units;
"Redemption Charge" a charge payable by the Unitholder and calculated as a percentage of the Redemption Price of each Unit which is being redeemed by that Unitholder;

"Redemption Price" the Net Asset Value per Unit calculated as at the Valuation Point on the Dealing Day relating to the application for redemption of Units;

"Sub-Fund" UBS (HK) Fund Series – Global High Yield Bond (USD), being a sub-fund of the Trust offered pursuant to this Fund Specific Prospectus;

"Subscription Charge" a charge payable by the Unitholder and calculated as a percentage of the subscription amount based on the Initial Issue Price or Issue Price (as the case may be) of each Unit which is issued to that Unitholder;

"Trust Prospectus" the prospectus in Part A of this document relating to the Trust, as amended or supplemented from time to time; and

"Valuation Point" the close of business in the last relevant market to close on each Business Day or such other time or times as the Manager (after consultation with the Trustee) may from time to time determine.
### SUMMARY

Set out below is a summary of the Sub-Fund. The summary information is derived from, and should be read in conjunction with, the full text of this Fund Specific Prospectus. Your attention is drawn to the section entitled “Risk Factors” in the Trust Prospectus and the section entitled "Sub-Fund Specific Risk Factors" in this Fund Specific Prospectus. Key information in respect of the Sub-Fund is as follows:

<table>
<thead>
<tr>
<th><strong>Initial Issue Price</strong>* (per Unit)</th>
<th>Class A Units: US$100/HK$100</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial Offer Period</strong></td>
<td>Class A Units: not available as of the date of the Prospectus, and may be launched on a date as the Manager may in its discretion determine (after consultation with the Trustee)</td>
</tr>
<tr>
<td><strong>Issue Price</strong></td>
<td>the Net Asset Value per Unit calculated as at the Valuation Point, and subject to a Subscription Charge and any fiscal and purchase charges</td>
</tr>
<tr>
<td><strong>Dealing Day</strong></td>
<td>each Business Day and such other day(s) as the Manager may from time to time determine</td>
</tr>
</tbody>
</table>
| **Initial Minimum Subscription Amount***# | Class A USD Units: US$2,500 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$2,500 (or its equivalent in any other freely convertible currency) |
| **Subsequent Minimum Subscription Amount ***# | Class A USD Units: US$1,000 (or its equivalent in any other freely convertible currency)  
Class A HKD Units: HK$1,000 (or its equivalent in any other freely convertible currency) |
| **Minimum Redemption Amount***    | Class A Units: not applicable |
| **Minimum Holding***              | Class A Units: Units with aggregate minimum value amounting to the gross initial minimum subscription amount applicable to these classes |
| **Manager**                       | UBS Asset Management (Hong Kong) Limited |
| **Investment Advisor**            | UBS Asset Management (UK) Limited |
| **Trustee, Custodian and Registrar** | HSBC Institutional Trust Services (Asia) Limited |
* Including each distribution unit class (unit classes with "-mdist" in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

# The Manager has discretion to waive or lower the minimum subscription amount.
<table>
<thead>
<tr>
<th>Unit Class</th>
<th>Management Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Service Fee (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Registrar Fee</th>
<th>Trustee Fee† (% per annum of the Net Asset Value of the Sub-Fund)</th>
<th>Subscription Charge (% of the subscription amount)</th>
<th>Conversion Fee (% of the subscription amount)</th>
<th>Redemption Charge (% of the Redemption Price of each Unit)</th>
<th>Transfer Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A*</td>
<td>Up to 1.25%**</td>
<td>Up to 0.4%**</td>
<td>USD6,000 per annum for the first 50 Unitholders and USD100 per annum per Unitholder</td>
<td>Up to 0.09% **</td>
<td>Up to 3%</td>
<td>Up to 1%</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

* Including each distribution unit class (unit classes with “-mdist” in their name) and accumulation unit class (unit classes with "-acc" in their name), as applicable.

** The current annual rate may be increased up to a specified permitted maximum level as set out in section 10.4 and section 10.5 (as the case may be) of this Fund Specific Prospectus by giving one month's prior notice (or such period of notice as permitted or provided under applicable laws and regulatory requirements) to the investors.

† It is also entitled to receive various transaction, processing, safekeeping and valuation fees and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
4. INVESTMENT OBJECTIVE AND POLICY

4.1 Currency Denomination

The base currency of the Sub-Fund is USD. Units in the Sub-Fund are offered in USD upon the launch of the Sub-Fund. Classes of Units in other currencies may be offered in the future at the Manager's discretion.

4.2 Investment Objective

The investment objective of the Sub-Fund is to generate income by investing primarily in global high yield bonds, diversified by market and instrument.

4.3 Investment Strategy

The Sub-Fund intends to invest at least 70% of its NAV in non-investment grade debt securities (i.e., assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings or below Baa3 by Moody's) or debt securities which are unrated, issued or guaranteed by corporates, international and supranational organisations, public and state-owned institutions domiciled in any region (including emerging markets) (collectively, “high yield bonds”) and denominated in different currencies. In the event of split ratings (i.e., when a security receives different ratings from two or more credit rating agencies), the security will receive: (a) the middle rating if the security is rated by more than two credit rating agencies, or (b) the lower rating if the security is rated by two credit rating agencies only. If the security is unrated by Standard & Poor's, Fitch Ratings and Moody's, the security will be considered unrated.

The debt securities invested in by the Sub-Fund may include sovereign debts, collateralised/securitised products (including asset-backed securities, mortgage-backed securities, asset-backed commercial papers and collateralised loan obligations), which may be issued or guaranteed by entities domiciled in any region (including emerging markets), and may be denominated in different currencies. The Sub-Fund’s exposure to sovereign debts may be above 30% of its NAV. However, the Manager does not intend to invest more than 10% of the NAV of the Sub-Fund in securities issued and/or guaranteed by a single sovereign issuer which are below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings or below Baa3 by Moody’s) or securities which are unrated on behalf of the Sub-Fund.

The Sub-Fund exposure to the collateralised/securitised products will be up to 30% of its NAV, and such products will not involve synthetically structured instruments which may have embedded derivatives.

The Sub-Fund may also invest less than 30% of its NAV in other securities, including, but not limited to, investment grade debt securities, urban investment bonds, Dim Sum bonds, and equity securities.

The Sub-Fund may invest a maximum of 15% of its NAV in convertible (including contingent convertible bonds), exchangeable and warrant-linked bonds as well as convertible debentures. An exchangeable bond is a type of convertible bond that offers the holder the right to exchange the debt of an issuer for stock of a company other than the issuer (but
usually within the same group). A warrant-linked bond is a type of convertible bond that is composed of a bond and a warrant. For the avoidance of doubt, the Sub-Fund may invest in LAP including contingent convertible bonds and senior non-preferred debts. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be up to 50% of its NAV.

Further, the Sub-Fund’s exposure to cash/cash equivalents will be up to 30% of its NAV.

The Sub-Fund may use FDIs for hedging and investment purposes in accordance with Chapter 7 of the Code in the sections headed “Investment Restrictions” in the Trust Prospectus above. The net derivative exposure of the Sub-Fund may be up to 50% of its NAV.

The Manager does not intend to enter into securities lending transactions, repurchase or reverse repurchase transactions or other similar over-the-counter transactions, on behalf of the Sub-Fund.

4.4 Investment and Borrowing Restrictions

Please also refer to the sections headed “Investment Restrictions” and “Borrowing Restrictions” in the Trust Prospectus.

5. UNIT CLASSES

Class A Units are offered in the Sub-Fund. Units will be in registered form. Unit certificates will not be issued. Unit classes shall be sub-divided into distribution unit class (where dividends declared will be paid to the Unitholders) and accumulation unit class (where no dividends will be distributed).

The Manager may establish new class(es) of Units, or cease to offer existing class(es) of Units, from time to time.

The following classes of Units will be offered by the Sub-Fund:

- The following classes of Class A Units are available to all members of the public in Hong Kong:
  - A USD-acc;
  - A USD-mdist;
  - A HKD-acc; and
  - A HKD-mdist.

Additional characteristics:

| "acc" | For Unit classes with ",-acc" in their name, income is not distributed unless the Manager decides otherwise. |
| "mdist" | Unit classes with ",-mdist" in their name may make monthly distributions. They may also make distributions out of capital (this may include inter alia realised and unrealised net gains/losses in net asset value) ("Capital"), at the discretion of the Manager, or pay distributions out of gross income while charging/ paying |

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all or part of the Sub-Fund’s fees and expenses to/ out of the Capital of the Sub-
Fund, resulting in an increase in distributable income for the payment of
distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay
distributions out of Capital. Payment of dividends out of Capital and/or
effectively out of Capital may result in an immediate reduction in the Sub-Fund's
net asset value per unit. Investors in certain countries/jurisdictions may be
subject to higher tax rates on distributed capital than on any capital gains from
the sale of fund Units. Some investors may therefore prefer to subscribe to
accumulating (-acc) rather than distributing (-mdist) Unit classes. Investors may
be taxed on income and capital arising from accumulating (-acc) Unit classes at a
later point in time than is the case with distributing (-mdist) Unit classes. Investors should seek their own tax advice.

6. SUBSCRIPTION FOR UNITS

6.1 Issue Price

Each Unit will be offered during the Initial Offer Period at the Initial Issue Price as set out in
the table in the section headed "Summary" in this Fund Specific Prospectus, subject to the
Subscription Charge (if any).

Thereafter, each Unit will be offered at the Issue Price, being the Net Asset Value per Unit
calculated as at the Valuation Point, and again subject to a Subscription Charge and any fiscal
and purchase charges (if any).

6.2 Minimum Subscription and Minimum Holding

Please refer to the table in the section entitled "Summary" in this Fund Specific Prospectus for (i) the initial minimum subscription amount that must be subscribed for the Units, (ii) subsequent minimum subscription amount, (iii) minimum redemption amount, and (iv) minimum holding of Units.

The Manager may, at its discretion, waive or modify these minimum limits.

6.3 Application Procedure

When an investor submits the application instruction via his/her Authorized Distributor, that
investor should confirm the relevant cut-off time with the Authorized Distributor. This
cut-off time will be earlier than the application deadline of the Sub-Fund as listed below.

Application forms for the subscription of Units during the Initial Offer Period must be
received by the Registrar (directly or via the Authorized Distributor(s)) on or before 5:00
p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time
and agreed with the Trustee) on the last Business Day of the Initial Offer Period. Cleared
funds in full for the relevant application for subscription must be received within one (1) Business Day after the last Business Day of the Initial Offer Period (or such later date as the
Manager may determine).

Following the close of the Initial Offer Period, application instructions for Units in the Sub-
Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or
before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine from time to time and agreed with the Trustee) on the relevant Dealing Day, being the dealing cut-off time, and the application will be effected at the Issue Price plus the Subscription Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and purchase charges. Cleared funds in full for the relevant application for subsequent subscription must be received by the Registrar on or before the third Business Day following the relevant Dealing Day (or such later date as the Manager may determine). An application for Units received by the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Subscriptions will only be accepted in the relevant class currency of the Units. No third party payment will be allowed.

7. **REDEMPTION OF UNITS**

7.1 **Redemption of Units**

A Unitholder may redeem all or some of its Units in whole on any Dealing Day. A Unitholder wishing to redeem its Units should confirm the minimum redemption size with his/her Authorized Distributor. Partial redemptions may be made, as long as the minimum holding of Units remains in the Unitholder's account after the redemption is completed. If, after redemption, a Unitholder would be left with a balance of Units having a value of less than the minimum holding, the Manager may decide that this request be treated as a request for redemption for the full balance of the Unitholder's holding of Units. A Unitholder wishing to redeem its Units should complete a redemption form and return it as instructed on the redemption form or by other written or electronic means specified by the Manager and the Trustee. Redemption forms can be obtained from the Authorized Distributor(s) or the Manager.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please refer to the section entitled "Conversion of Units" in the Trust Prospectus.

7.2 **Redemption Procedure**

When a Unitholder submits the redemption request via his/her Authorized Distributor, that Unitholder should confirm the relevant cut-off time with the Authorized Distributor. This cut-off time will be earlier than the redemption deadline of the Sub-Fund listed below.

Unitholders may apply to convert Units in the Sub-Fund for Units of another sub-fund of the Trust, or Units between different classes in the Sub-Fund, that has the same base currency of US dollar. Please see section entitled "Conversion of Units" in the Trust Prospectus.

Redemption requests for Units in the Sub-Fund must be received by the Registrar (directly or from the Authorized Distributor(s)) on or before 5:00 p.m. (Hong Kong time) (or such other time as the Manager may determine and agreed with the Trustee from time to time) on the relevant Dealing Day, being the dealing cut-off time, and the redemption will be effected at the Redemption Price less the Redemption Charge and such amount, if any, per Unit as the Manager may determine represents fiscal and sales charges. Redemption requests received by
the Registrar (directly or from the Authorized Distributor(s)) after the aforementioned deadline, or on any day that is not a Dealing Day, will be processed on the next Dealing Day.

Payment will normally be made within three (3) Business Days after the Dealing Day on which Units were redeemed and in any event in compliance with the requirements under the Code, currently within one month of that Dealing Day (subject to the receipt of applicable redemption documentation by the Registrar and any suspension event). Bank charges (if any) incurred in making such payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

If the Trustee is required by the laws or regulations of any relevant jurisdiction to withhold any redemption moneys payable to the holder of a Unit the amount of such amount shall be deducted from the redemption moneys otherwise payable to such person.

All redemption moneys will be paid in the relevant class currency of the Units. No third party payment will be allowed.

8. **CALCULATION OF NET ASSET VALUE**

The Net Asset Value per Unit will be calculated as at the Valuation Point in accordance with the terms of the Trust Deed. The details of the valuation rules are described in the Trust Prospectus under "Calculation of Net Asset Value".

9. **DISTRIBUTION POLICY**

At the discretion of the Manager, declaration of distributions in respect of distribution unit classes may be made on the 15th of each calendar month or the last month in each calendar year, if the 15th is not a Business Day, on the following Business Day. These distributions will normally be paid in the same calendar month of declaration. However, the Manager has discretion to decide whether or not to declare any dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. It is the intention of the Manager to distribute out of the gross investment income for the Sub-Fund as well as, in its discretion, from the Sub-Fund's capital. Investors should note that as fees and expenses may be deducted from the capital of the relevant class, this will result in an increase in distributable income for the payment of dividends but may constrain capital growth. An income equalization amount will be calculated so that the distribution corresponds to the actual income entitlement such that the level of net income accrued within the Sub-Fund is not affected by the issue, conversion of redemption of those Units during an accounting period. Please also refer to the risk factor entitled "Risks of payment of distributions out of or effectively out of capital".

With respect to distribution Unit classes (i.e., Unit classes described as "-mdist" in the name), the amount of dividends declared will be paid to Unitholders accordingly. All such dividends will be paid in the relevant class currency of the Units by telegraphic transfer to the bank account of the relevant Unitholder.

With respect to accumulation unit classes (i.e., unit classes described as "-ace" in the name), no distribution of dividends will be made. Therefore, any net income and net realized profits attributable to such Units will be reflected in the Net Asset Value of the Units.
10. **CHARGES AND EXPENSES**

**Fees payable by Unitholders:**

10.1 **Subscription Charge and Redemption Charge**

Currently a Subscription Charge of up to 3% of the subscription amount is applicable to Class A Units. No Redemption Charge is applicable to Class A Units.

The Manager may pay the whole or a part of the proceeds from the Subscription Charge and/or Redemption Charge (if any) to any Authorized Distributor.

10.2 **Transfer Fee**

Should a Unitholder wish to transfer one or more Units, currently no transfer fee is chargeable to the transferor.

10.3 **Conversion Fee**

Should a Unitholder wish to convert one or more Units of the Sub-Fund into Units of another sub-fund of the Trust, currently a conversion fee of up to 1% of the subscription amount is applicable to Class A Units.

**Fees payable by the Sub-Fund:**

10.4 **Management Fee and Service Fee**

The Manager is entitled to receive a management fee and a service fee from the Sub-Fund, currently at a rate as set out in the table under the section headed "Summary" of this Fund Specific Prospectus. The management fee and the service fee are calculated and accrued as at each Business Day by reference to the Net Asset Value of the Sub-Fund. The management fee and the service fee are payable monthly in arrears. Under the Trust Deed, the maximum rate of the management fee that the Manager is entitled to receive is 2.5% per annum of the Net Asset Value of the Sub-Fund and the maximum rate of the service fee that the Manager is entitled to receive is 0.5% per annum of the Net Asset Value of the Sub-Fund.

10.5 **Trustee Fee**

The Trustee will receive an asset based fee of up to 0.09% per annum of the Net Asset Value of this Sub-Fund (the "Trustee Fee") for trustee services. The maximum rate of the Trustee Fee is 1% per annum of the Net Asset Value of the Sub-Fund (subject to a minimum annual fee of USD60,000). The Trustee Fee is calculated and accrued as at each Dealing Day and is payable monthly in arrears. The Trustee Fee includes the fees payable for the services rendered in its capacity as trustee of the Trust.

In addition to the Trustee Fee, the Trustee is also entitled to receive a fee for acting as Registrar of USD6,000 per annum for the first 50 Unitholders and thereafter USD100 per annum per Unitholder. It is also entitled to receive various transaction, processing, safekeeping and valuation fees and other applicable fees as agreed with the Manager from time to time subject to the Trust Deed and the SFC’s approval (if required) and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.
10.6 **Performance Fee**

No performance fee will be payable to the Manager by the Sub-Fund.

10.7 **Establishment Expenses**

The establishment costs and payments incurred in the establishment of the Sub-Fund are to be borne by the Sub-Fund and amortized over the Amortization Period. The Manager may determine that the unamortized establishment costs of the Trust or a part thereof may be re-allocated this Sub-Fund.

Please refer to "Establishment Expenses" in section 15.5 of the Trust Prospectus for further details.

10.8 **Suspension of Dealing**

Application for Units made or pending during a suspension period (for further details see "Suspension of Dealing" in section 13.2 of the Trust Prospectus) may be withdrawn by notice in writing received by the Trustee prior to the end of the suspension period. Applications not withdrawn will be processed on the first Dealing Day (and for this purpose with respect to this Sub-Fund, such reference to the first Dealing Day shall be a reference to the first Business Day) following the end of the suspension period, on the basis of the Net Asset Value per Unit determined as at the Valuation Point in respect of such Dealing Day.

11. **SUB-FUND SPECIFIC RISK FACTORS**

In addition to the risk factors set out in the section entitled "Risk Factors" in section 6 of the Trust Prospectus, your attention is drawn to the additional principal risks specific to this Sub-Fund set out below.

11.1 **Investment risk**

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

11.2 **Risks associated with debt securities**

11.2.1 **Credit or counterparty risk**

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

11.2.2 **Interest rate risk**

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

11.2.3 **Volatility and liquidity risk**

The debt securities associated with less developed markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may
be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

11.2.4 Risk associated with debt securities rated below investment grade and/or unrated

The Sub-Fund may invest in debt securities rated below investment grade (i.e., assigned with a rating of below BBB- by Standard & Poor’s or Fitch Ratings or below Baa3 by Moody's) or which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

11.2.5 Downgrading risk

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

11.2.6 Sovereign debt risk

The Sub-Fund’s investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

11.2.7 Risks associated with collateralized and/or securitised products

The Sub-Fund invests in collateralised and/or securitised products (including asset-backed securities, mortgage-backed securities, asset-backed commercial papers and collateralised loan obligations) which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

11.2.8 Valuation risk

Valuation of the Sub-Fund’s investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

11.2.9 Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

11.3 Currency and exchange rate risk

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base Currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the Base Currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base
Currency of the Sub-Fund and by changes in exchange rate controls. The currencies of some underlying assets of the Sub-Fund may not be freely convertible and subject to exchange controls and restrictions.

11.4 **Emerging market risk**

The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

11.5 **Equity market risk**

The Sub-Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

11.6 **Risks associated with urban investment bonds**

Urban investment bonds are issued by LGFV. Although local governments may be seen to be closely connected to urban investment bonds, such bonds are typically not guaranteed by local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

11.7 **Risks associated with “Dim Sum” bond market**

The “Dim Sum” bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

11.8 **Risks of payment of distributions out of or effectively out of capital**

The Sub-Fund charges all or part of its fees and expenses to capital which means that the Sub-Fund may effectively pay dividend out of capital and as such may impact the dividend payment to Unitholders. Dividends may be paid from capital or effectively out of capital of the Sub-Fund at the discretion of the Manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the NAV per Unit.

11.9 **Risks associated with investment in FDI**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.
11.10 **Custody risk**

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organized securities markets.

11.11 **Risks associated with investment in convertible and exchangeable bonds**

Convertible bonds are a hybrid between debt and equity, which permit conversion into the shares in the company issuing the bond at a specified future date. Exchangeable bonds are also a hybrid between debt and equity, which permit conversion into the shares in a company, other than in the company issuing the bond (but usually within the same group), at a specified future date. As such, convertible bonds and exchangeable bonds will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds and exchangeable bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

11.12 **Risks associated with investment in equities, equity rights and warrants**

The Sub-Fund may acquire and hold equity securities which are acquired through the exercise of conversion rights (including convertible bonds and exchangeable bonds), subscription rights or warrants, in addition to warrants remaining after the separate sale of ex-issues and any equities acquired with these warrants. Such conversions may occur at a particular time due to the issuer (whose debt instrument or warrant is held by the Sub-Fund) relying on call provisions of the relevant debt instrument or warrant to require the Sub-Fund to exercise its conversion right. As such, the Sub-Fund may not be able to wholly decide when to exercise its conversion right, subscription right or warrant, and the equity securities acquired as a result of the conversion may be at a time when the value of that equity security is higher than it may be if the debt instrument or warrant were to be redeemed by the Sub-Fund at the initial specified future date.

11.13 **Risks associated with investments in LAP**

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer’s capital ratio falls to a specified level), which are likely to be outside of the issuer’s control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

11.14 Risks associated with contingent convertible bonds

Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis.

Contingent convertible bonds are risky and highly complex instruments. Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time. Contingent convertible bonds are also subject to additional risks specific to their structure including:

11.14.1 Trigger level risk

Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the trigger events that would require the debt to convert into equity or write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank’s Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios; (ii) a regulatory authority, at any time, making a subjective determination that an institution is “non-viable”, i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible bonds into equity or write down, in circumstances that are beyond the control of the issuer; or (iii) a national/regional authority deciding to inject capital.

11.14.2 Coupon cancellation risk

Coupon payments on some contingent convertible bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any past missed payments. Coupon payments may also be subject to approval by the issuer’s regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty
surrounding coupon payments, contingent convertible bonds may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

11.14.3 Capital structure inversion risk

Contrary to the classic capital hierarchy, the Sub-Fund investing in contingent convertible bonds may suffer a loss of capital while equity holders do not, for example, when the loss absorption mechanism of a high trigger/write-down of a contingent convertible bond is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

11.14.4 Call extension risk

Some contingent convertible bonds are issued as perpetual instruments and only callable at predetermined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible bonds will be called on a call date. Contingent convertible bonds are a form of permanent capital. The Sub-Fund investing in contingent convertible bonds may not receive return of principal as expected on call date or indeed at any date.

11.14.5 Conversion risk

Trigger levels differ between specific contingent convertible bonds and determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the contingent convertible bonds will behave upon conversion. In case of conversion into equity, the Manager might be forced to sell these new equity shares subject to the investment strategy of the Sub-Fund. Given the trigger event is likely to be an event depressing the value of the issuer’s common equity, this forced sale may result in the Sub-Fund experiencing some losses.

11.14.6 Valuation and write-down risk

Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Sub-Fund may lose the entire investment value or may be required to accept cash or securities with a value less than the original investment.

11.14.7 Market value fluctuations due to unpredictable factors

The value of contingent convertible bonds is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer’s applicable capital ratios; (ii) supply and demand for the contingent convertible bonds; (iii) general market conditions and available liquidity; and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

11.14.8 Liquidity risk

In certain circumstances finding a buyer ready to invest in contingent convertible bonds may be difficult and the Sub-Fund may have to accept a significant discount to the expected value of the contingent convertible bonds to sell them.
11.14.9  **Sector concentration risk**

Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund which invest significantly in contingent convertible bonds may therefore be affected by a greater extent on the overall condition of the financial services industry than for the funds following a more diversified strategy.

11.14.10 **Subordinated instruments**

Contingent convertible bonds will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible bonds, such as the Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible bonds shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

11.14.11 **Novelty and untested nature**

The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.