E Fund Investment Fund Series

E Fund RMB Fixed Income Fund

IMPORTANT NOTES:

1)E Fund Investment Fund Series – E Fund RMB Fixed Income Fund (the "Sub-Fund") is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal. There is also no guarantee of dividend or distribution payments during the period you hold the units of the Sub-Fund. The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.
2)RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency.
3)The Sub-Fund invests primarily in securities related to the China market and may be subject to additional concentration risk. Investment in the China market is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks. The China debt securities market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations.
4)The Sub-Fund may be subject to the risks associated with changes in the PRC laws and regulations, including PRC tax laws, and such changes may have retrospective effect.
5)The Sub-Fund invests in securities through the Renminbi Qualified Foreign Institutional Investor (RQFII) which is subject to applicable regulations imposed by the PRC authorities, and may be subject to liquidity risk. Although repatriations by RQFII in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders. The RQFII rules have only been recently announced and are novel in nature – their application may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. The Manager (as RQFII) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to other public fund products under the Manager's management. Subject to SAFE's approval, the Manager may also allocate RQFII quotas to other nonpublic fund products and/or accounts. There can be no assurance that the RQFII can allocate sufficient RQFII quota to the Sub-Fund to meet all applications for subscription of Units in the Sub-Fund.
6)The Sub-Fund is exposed to the credit/insolvency risk of issuers of RMB Income Instruments and bank deposits that the Sub-Fund may invest in. RMB Income Instruments and bank deposits that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. The Sub-Fund will be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. The financial market of mainland China is at an early stage of development, and most of the RMB Income Instruments are and will be unrated.
7)The RMB denominated debt securities market is at a developing stage and the trading volume may be lower than those of the more developed markets. The Sub-Fund may invest in debt securities which are not listed. Even if the debt securities are listed, the market for such securities may be inactive. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. The bid and offer spreads of the price of such securities may be large, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly.
8)The Sub-Fund is exposed to the interest rates risk of issuers of the RMB denominated debt securities the Sub-Fund invests in. The Chinese government's macro-economic policies and controls will have significant influence over the capital markets in China.
9)The Sub-Fund's investments in investment grade securities may be subject to the risk of being downgraded to below investment grade securities. The Manager may or may not be able to dispose of the debt instruments that are being downgraded. If the Sub-Fund continues to hold such securities, the Sub-Fund will be subject to additional risk of loss.
10)The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.
11)The Sub-Fund's investments in certain RMB denominated debt securities may be unrated. Lower rated/unrated securities would generally be considered to have a higher degree of risks.
12)The valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.
13)Urban investment bonds (城投債) are issued by local government financing vehicles ("LGFVs"). Although local governments may be seen to be closely connected to urban investment bonds (城投債), 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 (城投債), the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.
14)The PRC tax rules and practices in relation to RQFII are new and their implementation is not tested and is uncertain. In particular, there is limited guidance on withholding income tax ("WIT") treatment on capital gains arising from PRC debt securities. The potential application of tax treaties is also uncertain. In light of a recent notice issued by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission under Caishui [2014] No.79, the Manager, acting in the best interest of Unitholders, assesses the WIT provisioning approach. The Manager, after carefully considered the assessment and having taken and considered independent professional tax advice, will continue to withhold 10% of the Sub-Fund's gross realised and unrealised capital gains derived from trading of PRC debt securities since the Sub-Fund's inception, until further clarification by the PRC authorities. The Sub-Fund has made WIT provisions at 10% of the Sub-Fund's gross realised capital gains derived from the trading of PRC equity investment (including China A-Shares) since the Sub-Fund's inception up to and including 5 December 2014. However, from 8 December 2014 onwards, the Manger will not make provision for gross realised or unrealised capital gains derived from the trading of PRC equity investment (including China A-Shares). There is a possibility of the rules being changed and taxes being applied retrospectively. There is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will also make a WIT provision of 10% for the account of the Sub-Fund on PRC sourced passive income (such as dividend income or interest income) arise from investments in the PRC Securities. Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already sold/redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.
15) Distributions of the Sub-Fund may be paid out of the capital of the Sub-Fund. Investors should note that payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and such distributions may result in an immediate reduction of the net asset value of the relevant units.
16)You should not invest in the Sub-Fund unless the intermediary who sells it to you has explained to you that the Sub-Fund is suitable for you having regard to your financial situation, investment experience and objectives.
17)Investors should not invest in the Sub-Fund based on this document alone. Before making any investment decision, the investor should read the Sub-Fund's offering documents carefully including the risk factors.

Investment Objective / Strategy / Product Features

E Fund RMB Fixed Income Fund seeks to achieve long term capital growth in RMB terms through investment in a portfolio consisting primarily of RMB denominated and settled fixed income debt instruments issued or distributed within China which aim to generate a steady flow of income in addition to capital appreciation for the Sub-Fund.

- Fund asset is CNY denominated, suitable for investors wish to take CNY position.
- The Fund invest more than 80% in China onshore bond market, and most of the holdings are credit bond.
- The Fund can invest up to 20% in China A shares, which enables the fund to catch opportunities of equity market rallies.
- The Fund is feasible for investors seeking balanced position in bonds and equities.

Cumulative Performance (RMB)*

	Since Launch[1]	1 Month	3 Months	6 Months	1 Year	YTD
Class A (Acc)	-	-	-	-	-	-
Class A (Dis)	27.6%	2.1%	5.4%	8.5%	17.1%	8.5%
Class I (Acc)	-	-	-	-	-	-
Class I (Dis)	29.7%	2.1%	5.5%	8.8%	17.7%	8.8%

Calendar Year Cumulative Performance (RMB)*

	2014	2013	2012	2011	2010
Class A (Acc)	-	-	-	-	-
Class A (Dis)	12.1%	-0.1%	-	-	-
Class I (Acc)	-	-	-	-	-
Class I (Dis)	12.6%	0.4%	-	-	-

Source: Bloomberg

*NAV-to-NAV return, total return with dividend (if any) reinvested
1. The total return for the period from its inception date to 31 May 2015

Note:
Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
These figures show by how much the E Fund RMB Fixed Income Fund /Class A and Class I increased or decreased in value during the calendar year being shown.
Performance data has been calculated in RMB, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
Where no past performance is shown there was insufficient data available in that year to provide performance.
Fund launch date: Class A (Accumulation Class): 2014, Class A (Distribution Class): 2012, Class I (Accumulation Class): 2014, Class I (Distribution Class): 2012

Fund Facts

Manager:	E Fund Management (Hong Kong) Co., Ltd.
Inception Date:	28 February 2012
Base Currency:	RMB
AUM:	RMB 1169 million
Management Fee (p.a.):	Class A: 1% Class I: 0.5%
Initial Charge:	Up to 3%
Redemption Fee:	Nil
Switching Fee:	Nil
Dealing & Trading Frequency:	Daily
Current NAV:	Class A (accumulation): 115.97 Class A (distribution): 115.97 Class I (accumulation): - Class I (distribution): 117.96
Trustee:	Bank of Communications Trustee Limited
Auditor:	PricewaterhouseCoopers
Bloomberg Ticker:	Class A (accumulation): EFFBAAR HK Class A (distribution): EFFMBFA HK Class I (accumulation): EFFBIAR HK Class I (distribution): EFFMBFI HK
ISIN Code:	Class A (accumulation): HK0000224300 Class A (distribution): HK0000102118 Class I (accumulation): HK0000224334 Class I (distribution): HK0000102126

E Fund Investment Fund Series

E Fund RMB Fixed Income Fund

Top 5 Holdings (% of Total NAV)

CHINA DEV BANK 3.64% Feb2016	11.33%
CHINA DEV BANK 3.76% Feb 2020	8.63%
XINHU ZHONGBAO 9% Jul 2016	6.43%
SHIYAN INFRASTR CONSTR 6.58% Aug 2021	5.56%
CHIFENG INFR INV 7.07% Jun 2021	4.78%
Total	**36.73%**

Fixed Rate Debt Instruments (% of Total NAV)

Government & Quasi-Government Debt	19.96%
Corporate Bond	58.57%
Medium Term Note	0%
Short Term Note	0.44%

Issuer Credit Rating Breakdown (% of Total NAV)

AAA	20.0%
AA+	2.4%
AA	45.8%
Average Credit Rating :	**AA**

Fixed Income Duration

2.76 Years

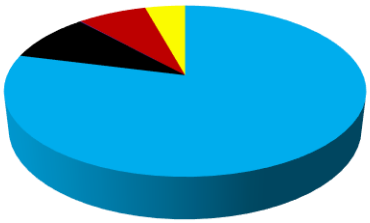
Number of Holdings

60

Dividend Distribution History (Class A & I)

Please visit *http://www.efunds.com.hk* for dividend distribution history of the Sub-Fund. ("Compositions of Dividend Payments" under "Announcements, Notices & Documents")

Asset Allocation*



*Figures rounded to two decimal points

Market Review

- China's macro data deteriorated further in April, mostly showed a weaker economy than market forecast. CPI stood at 1.5%, which, after seasonal adjustment, was lower than the former month. PPI grew at -4.6% YoY, showing that inflation still has a long way to bottom up. Industrial Production and Fixed Asset Investment YTD YoY recorded 6.2% and 12.0% growth, both lower than market consensus at 6.3% and 13.5% separately. Retail Sales YoY also dipped further from 10.2% to 10.0%. M2 was growing at 10.1%, the lowest level in the past 10 years, showing funding demands of private sectors were weak.
- After the 100 bps RRR cut in April, PBoC cut interest rate by 25 bps on 10 May, showing its wiliness and faster pace to ease monetary policy further. Loosening monetary policy together with supporting fundamentals pushed bond market up in May. Equity market kept bullish over the month. Shanghai Stock Exchange Composite Index was up by 3.8% over the month.

Fund Strategy

- This month, total units of the Fund increased.
- Over the month, holdings of equities and fixed income funds increased, holdings of credit bonds were stable.
- This month, credit bonds and stocks brought major positive contributions to the Fund.

Market Outlook

- As bond yield dropped to a relative low level, investors became more cautious on taking interest rate risk. Yield curve steepened in May and we believe the trend will continue in the coming months. We are still bullish on bond market because weak fundamentals, easing monetary policy and low repurchase rate will still be supportive to the market. So we believe market corrections will be chances to take position.
- Next month, we will continue to take a conservative strategy. We will keep the credit bond positions to gain the holding period returns, increase overall absolute returns, and be on the look-out for investing opportunities in stocks and convertible bonds.

Unit 3501-02, 35/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

PRODUCT KEY FACTS

E FUND MANAGEMENT (HK) CO., LIMITED
易方達資產管理（香港）有限公司

E Fund Investment Fund Series-

E Fund RMB Fixed Income Fund

E Fund Management (Hong Kong) Co., Limited

April 2015

- ***This statement provides you with key information about E Fund RMB Fixed Income Fund (the "Sub-Fund").***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of E Fund Investment Fund Series.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager and RQFII Holder:	E Fund Management (Hong Kong) Co., Limited
Trustee:	Bank of Communications Trustee Limited
RQFII Custodian:	Bank of Communications Co., Ltd.
Ongoing charges over a year:	Class A#: 1.30% Class T##: 2.16% # The ongoing charges figure is based on the expenses for the year ended 31 December 2014. This figure may vary from year to year. ## The figure is an estimate only (as the class is newly set up) and represents the sum of the estimated ongoing expenses chargeable to the class expressed as a percentage of the class's estimated average net asset value. This figure may vary from year to year. The actual figure may be different from the estimated figure.
Dealing frequency:	Daily
Base currency:	RMB
Dividend policy:	**Class A (accumulation) & Class T (accumulation)** – no dividend distribution **Class A (distribution)** – dividends will be distributed on a semi-annual basis (i.e. June and December in each year) subject to the Manager's discretion. **Class T (distribution)** – dividends will be distributed on a monthly basis subject to the Manager's discretion. Distributions may be paid out of capital and may immediately reduce the Sub-Fund's net asset value.
Financial year end of the Sub-Fund:	31 December
Min. initial investment:	**Class A RMB (accumulation) & Class A RMB (distribution):** RMB10,000 **Class T RMB (accumulation) & Class T RMB (distribution):** RMB50,000 **Class A HKD (accumulation) & Class A HKD (distribution):** HKD10,000 **Class A USD (accumulation) & Class A USD (distribution):** USD1,000 **Class T USD (accumulation) & Class T USD (distribution):** USD10,000
Min. subsequent investment:	**Class A RMB (accumulation) & Class A RMB (distribution):** RMB10,000 **Class T RMB (accumulation) & Class T RMB (distribution):** RMB50,000 **Class A HKD (accumulation) & Class A HKD (distribution):** HKD10,000 **Class A USD (accumulation) & Class A USD (distribution):** USD1,000 **Class T USD (accumulation) & Class T USD (distribution):** USD10,000
Min. holding:	**Class A RMB (accumulation) & Class A RMB**

	(distribution): Units with aggregate minimum value of RMB10,000 **Class T RMB (accumulation) & Class T RMB (distribution):** Units with aggregate minimum value of RMB50,000 **Class A HKD (accumulation) & Class A HKD (distribution):** Units with aggregate minimum value of HKD10,000 **Class A USD (accumulation) & Class A USD (distribution):** Units with aggregate minimum value of USD1,000 **Class T USD (accumulation) & Class T USD (distribution):** Units with aggregate minimum value of USD10,000
Min. redemption:	**Class A RMB (accumulation), Class A RMB (distribution), Class T RMB (accumulation) & Class T RMB (distribution):** Units with aggregate minimum value of RMB10,000 **Class A HKD (accumulation) & Class A HKD (distribution):** Units with aggregate minimum value of HKD10,000 **Class A USD (accumulation), Class A USD (distribution), Class T USD (accumulation) & Class T USD (distribution):** Units with aggregate minimum value of USD1,000

What is this product?

- E Fund RMB Fixed Income Fund is a sub-fund of E Fund Investment Fund Series which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 18 January 2012. It is governed by the laws of Hong Kong.

- **The Sub-Fund invests primarily in RMB denominated and settled debt securities issued within China through the Renminbi Qualified Foreign Institutional Investor** ("**RQFII") quota of the Manager.**

Objective and Investment Strategy

Objective

E Fund RMB Fixed Income Fund seeks to achieve long term capital growth in RMB terms through investment in a portfolio consisting primarily of RMB denominated and settled fixed income debt instruments issued or distributed within China which aim to generate a steady flow of income in addition to capital appreciation for the Sub-Fund.

The Sub-Fund may invest in urban investment bonds (城投債) (i.e. debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and inter-bank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects. The exposure to urban investment bonds (城投債) may be up to 100% of the Sub-Fund's Net Asset Value.

The Sub-Fund may invest up to 10% of its total Net Asset Value in asset backed securities (including asset backed commercial papers).

The Sub-Fund will invest not less than 80% of its Net Asset Value in:
(i) RMB denominated and settled debt instruments issued or distributed within China that are traded on the interbank bond market and the listed bond market issued by governments, quasi-government organisations, multinational organisations, financial institutions and other corporations. The debt instruments which the Sub-Fund may invest in include fixed rate or floating rate debt securities, convertible bonds, commercial papers, short term bills and notes; and
(ii) fixed income funds which are authorised by the China Securities Regulatory Commission ("CSRC") for offer to the retail public in China.

At least 70% of the debt instruments invested by the Sub-Fund will be issued by governments and quasi-government organisations, or have a minimum credit rating of AA as rated by one of the credit rating agencies in China at the time the debt instrument is invested.

The Sub-Fund may invest not more than 20% of its Net Asset Value in:
(i) China A-Shares issued by companies (which includes shares of small and/or mid-cap companies) listed on the Shenzhen and Shanghai stock exchanges; and
(ii) equity funds which are authorised by the CSRC for offer to the retail public in China.

Not more than 10% of the Net Asset Value of the Sub-Fund will be invested in fixed income funds and/or equity funds which are authorised by the CSRC for offer to the retail public in China.

The Sub-Fund will not invest in debt instruments which are rated BB+ or below as rated by one of the credit rating agencies in China at the time the debt instrument is invested or unrated debt instruments (i.e. debt instruments which have not been assessed by rating agencies and the Manager will assess the debt instruments with reference to the credit rating of the issuer).

The Sub-Fund may also invest in other RMB denominated and settled near-cash instruments issued within China, such as bank certificates of deposit, bank deposits and negotiated term deposits with banks.

Exposure to securities issued within China will be through the RQFII quotas of the Manager. The Sub-Fund currently does not intend to invest in RMB denominated debt instruments outside of China.

The Sub-Fund will not invest in any derivatives for hedging or non-hedging purposes and will not invest in structured deposits or products. The Manager will not enter into any securities lending, repurchase or reverse repurchase transactions in respect of the Sub-Fund.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. Investment risk

- The Sub-Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal.
- There is also no guarantee of dividend or distribution payments during the period you hold the units of the Sub-Fund.
- The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

2. RMB currency risk

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between Renminbi and other currencies.
- There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency.

3. Risks relating to China market / Single Country Investment Risk

- China is considered as an emerging market and investing in China may subject the Sub-Fund to higher economic, political, social, legal and regulatory risks than more developed economies or markets. Investments in China may also be less liquid and more volatile.
- The Sub-Fund invests primarily in securities related to the China market and may be subject to additional concentration risk
- The China debt securities market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations.

4. PRC tax risk

- The PRC tax rules and practices in relation to RQFII are new and their implementation is not tested and is uncertain. In particular, there is limited guidance on withholding income tax ("WIT") treatment on capital gains arising from PRC debt securities. The potential application of tax treaties is also uncertain. In light of a recent notice issued by the Ministry of Finance of

the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission under Caishui [2014] No.79, the Manager, acting in the best interest of Unitholders, assesses the WIT provisioning approach. The Manager, after carefully considered the assessment and having taken and considered independent professional tax advice, will continue to withhold 10% of the Sub-Fund's gross realised and unrealised capital gains derived from trading of PRC debt securities since the Sub-Fund's inception, until further clarification by the PRC authorities. The Sub-Fund has made WIT provisions at 10% of the Sub-Fund's gross realised capital gains derived from the trading of PRC equity investment (including China A-Shares) since the Sub-Fund's inception up to and including 5 December 2014. However, from 8 December 2014 onwards, the Manger will not make provision for gross realised or unrealised capital gains derived from the trading of PRC equity investment (including China A-Shares). There is a possibility of the rules being changed and taxes being applied retrospectively. There is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will also make a WIT provision of 10% for the account of the Sub-Fund on PRC sourced passive income (such as dividend income or interest income) arise from investments in the PRC Securities.

- Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already sold/redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

5. **Risks relating to RQFII**

- The Sub-Fund invests in securities through a RQFII which is subject to applicable regulations imposed by the PRC authorities. Although repatriations by RQFIIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders.
- The RQFII rules have been recently announced and are novel in nature – their application may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund.
- In the event of any default of either a PRC broker or the RQFII Custodian in the execution or settlement of any transaction or in the transfer of any fund or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn impact the net asset value of the Sub-Fund.
- The Manager (as RQFII) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to other public fund products under the Manager's management. Subject to SAFE's approval, the Manager may also allocate RQFII quotas to other non-public fund products and/or accounts. There can be no assurance that the RQFII can allocate sufficient RQFII quota to the Sub-Fund to meet all applications for subscription of Units in the Sub-Fund.

6. **Risks relating to debt securities**

The Sub-Fund mainly invests in RMB denominated debt securities and these instruments may fall in value. Investors may suffer losses as a result. Investment in the Sub-Fund is subject to risks that apply to debt securities as follows:

Credit risk

- The Sub-Fund is exposed to the credit/insolvency risk of issuers of the RMB denominated debt securities it invests in. Such securities are typically unsecured debt obligations and are

not supported by collateral. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

- Some of the RMB denominated debt securities may be unrated. Lower rated / unrated securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities.

Risks relating to credit rating

- The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

Downgrading risk

- Securities rated BBB- or above may be subject to the risk of being downgraded to BB+ or below as rated by one of the credit rating agencies in China at the time the debt instrument is invested. In the event of downgrading in the credit rating of a debt security or issuer relating to a debt security, the Sub-Fund's investment value in such security may be adversely affected. If the Sub-Fund continues to hold such securities, it will be subject to additional risk of loss. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

Interest rates risk

- Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. The Chinese government's macro-economic policies and controls will have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities, and thus the return of the Sub-Fund.

Valuation risk

- Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

Liquidity risk

- The RMB denominated debt securities market is at a developing stage and the trading volume may be lower than those of the more developed markets. The Sub-Fund may invest in debt securities which are not listed. Even if the debt securities are listed, the market for such securities may be inactive. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. The bid and offer spreads of the price of such securities may be large, so the Sub-Fund may incur significant trading and redemption costs and may suffer losses accordingly.

Risk associated with urban investment bonds (城投債)

- Urban investment bonds (城投債) are issued by local government financing vehicles ("LGFVs"). Although local governments may be seen to be closely connected to urban investment bonds (城投債), 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 (城投債), the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

7. Currency conversion risk

- Where an investor subscribes for units of the Sub-Fund denominated in a non-RMB currency, the Manager will convert such subscriptions into RMB prior to investment at the applicable exchange rate and subject to the applicable spread. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB for currency conversion in case of sizeable subscriptions). Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds denominated in RMB into non-RMB currency which, in turn, might affect the Sub-Fund's ability

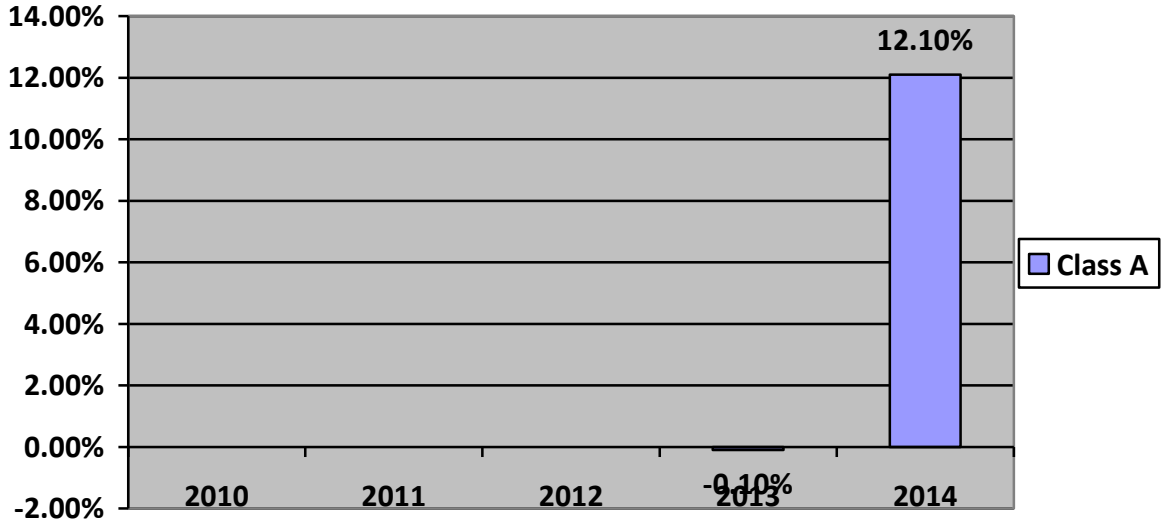
to meet redemption requests from the Unitholders or delay the payment of redemption proceeds.

- In calculating the Net Asset Value of units of the Sub-Fund denominated in a non-RMB currency, the Manager will apply the CNH exchange rate (i.e. the exchange rate for the offshore RMB market in Hong Kong). There may be significant trading costs incurred and investing in classes of units of the Sub-Fund denominated in a non-RMB currency may suffer losses. The value of the classes of units of the Sub-Fund denominated in a non-RMB currency is subject to fluctuation in the CNH rate. In particular, where the CNH rate is at a premium to the CNY exchange rate, any currency conversion at the CNH rate will adversely affect the value of the relevant class of units of the Sub-Fund denominated in a non-RMB currency in RMB terms.

8. Risks relating to distribution out of capital

- Distributions of the Sub-Fund may be paid out of the capital of the Sub-Fund. Investors should note that payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and such distributions may result in an immediate reduction of the net asset value of the relevant units.

How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2012.
- Class A launch date: 2012.
- The Manager views Class A, being the retail share class denominated in the Sub-Fund's base currency, as the most appropriate representative share class.

Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

<u>Charges which may be payable by you</u>

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
Subscription Fee (Preliminary Charge) (% of Issue Price)	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 3%
Redemption Fee (Redemption Charge) (% of Redemption Price)	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** nil*
Switching Fee	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** not applicable

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

Annual rate	
Management Fee	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution) & Class A USD (distribution):** Up to 3% p.a., current rate being 1.0% p.a.* as a % of the Sub-Fund's net asset value **Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 3% p.a., current rate being 1.5% p.a.* as a % of the Sub-Fund's net asset value
Trustee Fee	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 1% p.a., current rate being 0.11% p.a.* as a % of the Sub-Fund's net asset value, subject to a minimum monthly fee of RMB26,000 for each class of Units
Custody Fee	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 0.5% p.a. (excluding transaction charges) as a % of the Sub-Fund's net asset value
Performance Fee	**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** not applicable

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional Information

- The Manager may decide to close the Sub-Fund to further subscriptions without any prior or further notice if the total subscription amount reaches the amount of RQFII quota allocated to the Sub-Fund by the Manager.

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Trustee (via the authorised distributor or the Manager) has received your request in good order on or before 4:00p.m. (Hong Kong time) on the relevant Dealing Day. Different distributor may impose different dealing deadlines for receiving requests from investors.

- The net asset value of this Sub-Fund is calculated on the same Dealing Day, and the price of units is published on each Dealing Day in the Standard and the Hong Kong Economic Times.

- Investors may obtain the past performance information (if available) of other unit classes offered to Hong Kong investors from www.efunds.com.hk. Please note that the aforesaid website has not been reviewed by the SFC.

- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and on the website of the Manager at www.efunds.com.hk. Please note that the aforesaid website has not been reviewed by the SFC.

- Class A (accumulation), Class A (distribution), Class T (accumulation) and Class T (distribution) units of the Sub-Fund are currently available for subscription to the retail public in Hong Kong.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.