

Audited Financial Statements

**CHINA UNIVERSAL INTERNATIONAL SERIES -  
CUAM HONG KONG DOLLAR BOND FUND**

(A Sub-Fund of China Universal International Series, an umbrella unit trust  
established under the laws of Hong Kong)

For the period from 2 September 2013 (date of inception) to  
31 December 2014

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

ADMINISTRATION AND MANAGEMENT

**MANAGER**

China Universal Asset Management (Hong Kong) Company  
Limited  
3710-11, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**DIRECTORS OF THE MANAGER**

LIN Lijun  
LI Wen  
ZHANG Hui

**SOLICITORS TO THE MANAGER**

Deacons  
5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

**TRUSTEE AND REGISTRAR**

BOCI-Prudential Trustee Limited  
12/F & 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

**AUDITORS**

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

**CUSTODIAN**

Bank of China (Hong Kong) Limited  
14/F, Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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REPORT OF THE MANAGER

Overall, monetary conditions have remained loose during the period. The United States Dollar/Hong Kong Dollar (US\$/HK\$) exchange rate stayed near the lower end of the peg band, closing at 7.7551. The Hong Kong monetary base edged up by HK\$108 billion to HK\$1,346 billion. The aggregate balance increased to HK\$239 billion. Bond yields remain low due to the loose monetary policy of the United States Federal Reserve. 5-year Hong Kong Exchange Fund Note yield increased slightly to 1.48%.

The Sub-Fund achieved a 4.58% return during the period assuming dividends were reinvested.

Currently we are short duration as interest rates are on a path to a more normal level given improving United States economic conditions. We currently underweight rates and overweight credits as we expect stronger economic data to create an environment where spread products will outperform rate products.

For and on behalf of  
China Universal Asset Management (Hong Kong) Company Limited, the Manager

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22 April 2015

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Universal Asset Management (Hong Kong) Company Limited, has, in all material respects, managed China Universal International Series – CUAM Hong Kong Dollar Bond Fund for the period from 2 September 2013 (date of inception) to 31 December 2014 in accordance with the provisions of the trust deed dated 29 December 2011 as amended by two supplemental deeds dated 5 October 2012 and 15 July 2013 (collectively, the "Trust Deed").

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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22 April 2015

**Independent Auditors' Report****To the Trustee and the Manager of****China Universal International Series – CUAM Hong Kong Dollar Bond Fund**

(A Sub-Fund of China Universal International Series, an umbrella unit trust established under the laws of Hong Kong)

We have audited the financial statements of China Universal International Series – CUAM Hong Kong Dollar Bond Fund (A Sub-Fund of China Universal International Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 6 to 30, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the period from 2 September 2013 (date of inception) to 31 December 2014, and a summary of significant accounting policies and other explanatory information.

**Trustee's and Manager's responsibilities for the financial statements**

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Trustee and the Manager also have a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Fund (the "Trust Deed") and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

**Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditors' Report (continued)**

**To the Trustee and the Manager of**

**China Universal International Series – CUAM Hong Kong Dollar Bond Fund**

(A Sub-Fund of China Universal International Series, an umbrella unit trust established under the laws of Hong Kong)

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2014, and of its financial performance and cash flows for the period from 2 September 2013 (date of inception) to 31 December 2014 in accordance with Hong Kong Financial Reporting Standards.

**Report on other legal and regulatory requirements**

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

Certified Public Accountants  
Hong Kong  
22 April 2015

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

STATEMENT OF COMPREHENSIVE INCOME

For the period from 2 September 2013 (date of inception) to 31 December 2014

	Notes	HK\$
<b>INCOME</b>		
Interest income on financial assets at fair value through profit or loss		2,912,153
Other interest income		5,152
Net loss on financial assets at fair value through profit or loss	7	(84,877)
Foreign exchange differences		<u>428</u>
		<u>2,832,856</u>
<b>EXPENSES</b>		
Management fee	4	(339,603)
Trustee fee	4	(101,881)
Custodian fee	4	(88,600)
License fee		(7,000)
Other expenses		<u>(6,600)</u>
		<u>(543,684)</u>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><u>2,289,172</u></u>



CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	HK\$
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	7	50,067,740
Cash and bank balances	9	1,574,852
Interest receivable		659,797
Other receivables		<u>17,690</u>
<b>TOTAL ASSETS</b>		<u><u>52,320,079</u></u>
<b>LIABILITIES</b>		
Management fee payable	4	23,582
Trustee fee payable	4	7,075
Other payables and accruals		<u>250</u>
<b>TOTAL LIABILITIES</b>		<u><u>30,907</u></u>
<b>EQUITY</b>		
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u><u>52,289,172</u></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u>52,320,079</u></u>
<b>NUMBER OF UNITS IN ISSUE</b>		
- Class A units	10	-
- Class I units	10	5,205,218.67
<b>NET ASSETS VALUE PER UNIT</b>		
- Class A units		-
- Class I units		10.046

For and on behalf of  
China Universal Asset Management (Hong Kong)  
Company Limited, as the Manager

For and on behalf of  
BOCI-Prudential Trustee Limited,  
as the Trustee

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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 2 September 2013 (date of inception) to 31 December 2014

	HK\$
At 2 September 2013 (date of inception)	-
Subscription of redeemable units	52,063,525
Total comprehensive income for the period	2,289,172
Distribution to unitholders	<u>(2,063,525)</u>
At 31 December 2014	<u><u>52,289,172</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

STATEMENT OF CASH FLOWS

For the period from 2 September 2013 (date of inception) to 31 December 2014

	Note	HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period		2,289,172
Adjustments for:		
Interest income on financial assets at fair value through profit or loss		(2,912,153)
Other interest income		(5,152)
		<u>(628,133)</u>
Increase in financial assets at fair value through profit or loss		(50,067,740)
Increase in other receivable		(17,690)
Increase in management fee payable		23,582
Increase in trustee fee payable		7,075
Increase in other payables and accruals		<u>250</u>
Net cash used in operations		(50,682,656)
Interest received		<u>2,257,508</u>
Net cash flows used in operating activities		<u>(48,425,148)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units		52,063,525
Distribution to unitholders		<u>(2,063,525)</u>
Net cash flows from financing activities		<u>50,000,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		1,574,852
Cash and cash equivalents at beginning of period		<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	9	<u><u>1,574,852</u></u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9	<u><u>1,574,852</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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STATEMENT OF DISTRIBUTION

For the period from 2 September 2013 (date of inception) to 31 December 2014

	Note	HK\$
Undistributed income at 2 September 2013 (date of inception)		-
Profit and total comprehensive income for the period		2,289,172
Add: Net loss on financial assets at fair value through profit or loss		<u>84,877</u>
Undistributed income before distribution		2,374,049
2013 final distribution (HK\$0.069 per unit) distributed on 23 December 2013	6	(345,000)
2014 interim distribution (HK\$0.099 per unit) distributed on 13 June 2014	6	(498,404)
2014 final distribution (HK\$0.240 per unit) distributed on 15 December 2014	6	(1,220,121)
Transfer to capital		<u>(310,524)</u>
Undistributed income at 31 December 2014		<u><u>-</u></u>

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant period ("Total Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), or other receipts as determined by the Manager to be in the nature of income. Capital gains or losses, whether realised or unrealised, do not form part of Total Income and therefore would not impact on the amount available for distribution.

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. THE SUB-FUND

China Universal International Series (the "Trust") was constituted as an open-ended unit trust established under the laws of Hong Kong pursuant to the trust deed dated 29 December 2011 as amended by two supplemental deeds dated 5 October 2012 and 15 July 2013 (collectively, the "Trust Deed"). The Trust currently consists of three sub-funds namely CUAM RMB Bondplus Fund, CUAM China-Hong Kong Strategy Fund and CUAM Hong Kong Dollar Bond Fund.

CUAM Hong Kong Dollar Bond Fund (the "Sub-Fund") was commenced as a separate sub-fund of the Trust on 2 September 2013. The Sub-Fund is an open-ended unit trust authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance (the "SFO") and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code").

The Manager of the Sub-Fund is China Universal Asset Management (Hong Kong) Company Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian").

Two classes of units, namely Class A units and Class I units, are available for subscription for the Sub-Fund. Class A units and Class I units are subject to different management fees. For the period ended 31 December 2014, only Class I units were in issue.

The Sub-Fund primarily invests in debt securities issued or fully guaranteed by governments, government agencies, supranational and corporate. The debt securities instruments in which the Sub-Fund may invest include (but not limited to) long-term bonds, medium-term notes, bills, convertible bonds, subordinated debt, asset-backed debt securities, certificate of deposits and commercial papers. The target asset allocation is that more than 70% of the Sub-Fund's assets will be invested in Hong Kong Dollar denominated debt securities and certificates of deposits, and not more than 30% will be invested in other currency denominated debt securities.

The investment objective of the Sub-Fund is to provide investors with a stable and consistent investment return over medium to long term by investing primarily in Hong Kong Dollar denominated debt securities instruments.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

### 2.1 BASIS OF PREPARATION (continued)

The financial statements have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Hong Kong Dollar ("HK\$") and all values are rounded to the nearest HK\$ except where otherwise indicated.

The Sub-Fund has adopted for the first time all the applicable and effective HKFRS.

### 2.2 NEW AND REVISED HKFRSs NOT YET ADOPTED

The Sub-Fund has not applied the following new and revised HKFRS that has been issued but is not yet effective, in these financial statements.

HKFRS 9 *Financial Instruments*<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Sub-Fund expects to adopt HKFRS 9 from 1 January 2018. The Sub-Fund expects that the adoption of HKFRS 9 will have an impact on the classification of the Sub-Fund's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### (i) **Classification**

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with HKAS 39.

##### **Financial assets at fair value through profit or loss**

The Sub-Fund classifies all of its debt securities as financial assets held for trading.

*Financial assets held for trading:* financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to cash and cash equivalent, subscription proceeds receivable, interest receivable on debt securities and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

**Financial liabilities at amortised cost**

The Sub-Fund includes in this category amounts relating to distribution payable to unitholders and other short-term payables.

(ii) **Recognition**

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(iii) **Initial measurement**

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) **Subsequent measurement**

After initial measurement, the Sub-Fund measures financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net gain or loss on financial assets at fair value through profit or loss". Interest earned of such instruments is recorded separately in "Interest income on financial assets at fair value through profit or loss".

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) ***Subsequent measurement*** (continued)

The effective interest is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) ***Derecognition***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement; and either (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled, or expired.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Sub-Fund measures financial instruments, such as, equities investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible by the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using the last traded price or valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach and income approach.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Based on quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. An impairment exists if one or more events that have occurred after the initial recognition of the asset and have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If a previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest income on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Foreign currency

These financial statements are presented in HK\$, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the reporting date. Differences arising on settlement or transaction of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the 'net gain or loss on financial assets and liabilities at fair value through profit or loss'.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional currency

The Sub-Fund's functional currency is HK\$, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HK\$. Therefore, the HK\$ is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also HK\$.

Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation;
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instrument;
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical feature;
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a *pro-rata* share of the Sub-Fund's net assets; and
- (e) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- (a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund; and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unit holder.

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised HKAS 32 and are classified as equity.

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A Sub-Fund of China Universal International Series)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as financial liabilities transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Fund in issuing or its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

Cash and cash equivalents

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand, demand deposits, and short-term deposits in banks, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts when applicable.

Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net loss on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets held for trading and excludes interest income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as at "fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund; or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Taxes

The Sub-Fund is exempted from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdiction, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. No distribution will be paid out of the Sub-Fund's capital.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements

In the process of applying the Sub-Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

*Going concern*

The Sub-Fund's management has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Sub-Fund based its estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

*Fair value of financial instruments*

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as yield curve, credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Sub-Fund performs sensitivity analysis or stress testing techniques.

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4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into during the period between the Sub-Fund and the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Fund, the Manager and their connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed below:

Holdings of the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund.

The holdings of Class I in the Sub-Fund by the Manager as at 31 December 2014 were as follows:

At 31 December 2014	Units at the inception of the Sub-Fund	Units subscribed during the period	Units redeemed during the period	Units outstanding at 31 December 2014
CUAM Hong Kong Dollar Bond Fund – Class I	-	5,205,218.67	-	5,205,218.67

Brokerage commission

Bank of China (Hong Kong) Limited, an affiliate of the Trustee, rendered brokerage services for the Sub-Fund's purchases and sales of securities. During the period ended 31 December 2014, the transaction details were as follows:

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the period	Average commission rate (%)
Bank of China (Hong Kong) Limited	2,998,551	-	2.4%	-

Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by the Trustee's affiliate, Bank of China (Hong Kong) Limited. Further details of the bank balances held are described in note 9 to the financial statements. During the period, interest income on these bank balances was HK\$5,152.

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4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Management fee

The Manager is entitled to receive, on an annual basis, a management fee from the Sub-Fund, at a rate of 0.75% for Class A units and 0.5% for Class I units per annum (up to maximum of 3% per annum in total by giving not less than one month's prior notice to the unitholders) with respect to the net assets attributable to unitholders of each class of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, at the current rate of 0.15% per annum (up to maximum of 0.5% per annum by giving not less than one month's prior notice to the unitholders) of the net assets attributable to unitholders of the Sub-Fund calculated, subject to a minimum monthly fee of HK\$35,000, and accrued on each dealing day and is paid monthly in arrears. The minimum fee was waived for the first accounting period of the initial launch of the Sub-Fund.

Custodian fee

The Custodian is entitled to receive, on an annual basis, custodian fees from the Sub-Fund, at a rate up to 0.1% per annum of the net assets attributable to unitholders of the Sub-Fund calculated and is paid monthly in arrears. As at 31 December 2014, no fees were payable to the Custodian.

Certain charges, fees and expenses borne by the Manager

Pursuant to the addendum of the explanatory memorandum dated 3 August 2013 and 14 March 2014, certain charges, fees and expenses were borne by the Manager. For the period ended 31 December 2014, the Manager borne and paid a total sum of HK\$520,648 for the establishment cost, all costs of printing semi-annual reports, auditors' remuneration, publishing fees, and the expenses of preparing and printing any explanatory memorandum of the Sub-Fund.

5. INCOME TAX

Hong Kong tax

No provision for Hong Kong profits tax has been made for the Sub-Fund. The Sub-Fund is authorised by the SFC as a collective investment scheme pursuant to Section 104 of the SFC to offering to the retail public in Hong Kong. It is exempted from Hong Kong profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.



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6. DISTRIBUTIONS

	HK\$
2013 final distribution (HK\$0.069 per unit) distributed on 23 December 2013	345,000
2014 interim distribution (HK\$0.099 per unit) distributed on 13 June 2014	498,404
2014 final distribution (HK\$0.240 per unit) distributed on 15 December 2014	<u>1,220,121</u>
Total distributions during the period	<u><u>2,063,525</u></u>

The Manager has declared, on behalf of the Sub-Fund, the above interim and final dividend during the period from 2 September 2013 (date of inception) to 31 December 2014. The distributions were paid out on 30 December 2013, 19 June 2014, and 18 December 2014, respectively.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	HK\$
Held for trading	
Quoted debt securities	49,065,240
Unquoted debt securities	<u>1,002,500</u>
Total financial assets at fair value through profit or loss	<u><u>50,067,740</u></u>
Net loss recognised in relation to financial assets at fair value through profit or loss:	
Realised gain	89,140
Unrealised loss	<u>(174,017)</u>
Net loss	<u><u>(84,877)</u></u>

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2014.

At 31 December 2014	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	Total HK\$
<u>Financial assets at fair value through profit or loss – held for trading:</u>				
Quoted debt securities	-	49,065,240	-	49,065,240
Unquoted debt securities	-	-	1,002,500	1,002,500
	<u>-</u>	<u>49,065,240</u>	<u>1,002,500</u>	<u>50,067,740</u>

There are no transfers of fair value measurements between Level 1 and Level 2 during the period from 2 September 2013 (date of inception) to 31 December 2014.

Valuation techniques

*Quoted debt securities*

The Sub-Fund invests in corporate bonds. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuers or comparable issuers and yield curves. Adjustments are made to valuation when necessary to recognise differences in the instrument terms. To the extent that the significant inputs are observable, the Sub-Fund categorises these investments as Level 2.

*Unquoted debt securities*

The Sub-Fund invests in illiquid unquoted debt securities. In the absence of a quoted price in an active market, they are valued using discounted cash flow with unobservable inputs such as yield curves of securities issued by comparable issuers. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are unobservable, the Sub-Fund categorises these investments as Level 3.

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation process for Level 3 valuations

The valuation of unquoted debt securities is performed on a daily basis by the portfolio manager and reviewed by the senior management of the Manager. The latest valuation is compared with the valuations in the preceding quarters. If fair value changes are more than certain thresholds set, the changes are further considered by the senior management of the Manager. The Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods be applied to support the valuation arising from the chosen method. There were no changes in valuation techniques during the period.

Quantitative information of significant unobservable inputs – Level 3

At 31 December 2014

Description	HK\$	Valuation technique	Unobservable input	Sensitivity used*	Effect on net assets attributable to unitholders HK\$
Unquoted debt securities - <i>Melco Finance Ltd. 4.15% Q 05 Mar 2018 ("Melco Finance")</i>	1,002,500	Discounted cash flow	Yield (4.13%)	+/-5	-/+1,000

\* The sensitivity analysis refers to a basis point added or deducted from the input and the effect this has on the fair value

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between 2 September 2013 (date of inception) and 31 December 2014.

	Financial assets at fair value through profit or loss debt securities HK\$
At 2 September 2013 (date of inception)	-
Purchases	1,002,500
At 31 December 2014	1,002,500
Total gains and losses for the period included in profit or loss for assets held at the end of reporting period	-

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9. CASH AND BANK BALANCES

The cash at banks held with the Custodian of the Sub-Fund, was placed into accounts bearing floating interest.

10. NUMBER OF UNITS IN ISSUE

The following is the subscription/(redemption) of units of the Sub-Fund during the period ended 31 December 2014:

	Number of Class A units	Number of Class I units
At 2 September 2013 (date of inception)	-	-
Subscription of units	-	5,205,218.67
At 31 December 2014	-	5,205,218.67

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes interest rate risk and foreign exchange risk), credit and counterparty risk and liquidity risk arising from the financial instruments it holds.

***Market risk***

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net assets attributable to unitholders per unit of the Sub-Fund.

The maximum credit risk resulting from financial instruments approximate their carrying amounts.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

**Market risk** (continued)

The Sub-Fund assumes market risk in trading activities. The Sub-Fund distinguishes market risk as follows:

- Interest rate risk
- Foreign exchange risk

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial instruments and future cash flow.

As the Sub-Fund has invested in fixed income securities whose values are driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously acquired fixed income securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition, monitor changes in interest rates outlook and takes appropriate measures accordingly to control the impact of interest rate risk.

The majority of interest rate exposure arises on investments in debt securities. Most of the Sub-Fund's investments in debt securities carry fixed interest rates and the average duration of the fixed income portion is around 2.5 to 3 years.

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the period to a reasonable possible change in interest rates, with all other variables held constant.

The sensitivity of both the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations is the effect of the assumed changes in interest rates on changes in fair value of investments for the period, based on revaluing fixed rate financial assets at the end of the reporting period. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

As at 31 December 2014	Financial assets at fair value through profit or loss HK\$	Change in basis points	Sensitivity of changes in fair value of investments increase/(decrease) HK\$
Quoted debt securities	49,065,240	+/-50	-/+770,000
Unquoted debt securities	1,002,500	+/-50	-/+14,000

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

***Market risk*** (continued)

Interest rate risk (continued)

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits are on demand, the Manager considers the movement in interest rates will have insignificant cash flow impact on the daily net assets attributable to unitholders as at 31 December 2014 and therefore no sensitivity analysis of interest on bank deposits is presented.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Fund holds assets and liabilities predominately denominated in HK\$, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

***Liquidity risk***

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

The table below summarises the maturity profile of Sub-Fund's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

Financial assets

Analysis of debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

***Liquidity risk*** (continued)

At 31 December 2014	Less than 3 months HK\$	3 to 12 months HK\$	Total HK\$
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	50,067,740	-	50,067,740
Cash and bank balances	1,574,852	-	1,574,852
Interest receivable	551,559	108,238	659,797
Financial assets included in prepayment and other receivables	17,690	-	17,690
Total financial assets	<u>52,211,841</u>	<u>108,238</u>	<u>52,320,079</u>
	Less than 3 months HK\$	3 to 12 months HK\$	Total HK\$
<u>Financial liabilities</u>			
Management fee payable	23,582	-	23,582
Trustee fee payable	7,075	-	7,075
Other payables and accruals	250	-	250
Total financial liabilities	<u>30,907</u>	<u>-</u>	<u>30,907</u>

***Credit and counterparty risk***

The Sub-Fund is exposed to credit risk, which is the risk that the counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

If the issuer of any of the fixed income securities in which the Sub-Fund's assets are invested in defaults, the performance of the Sub-Fund will be adversely affected.

The Sub-Fund invests in a diversified portfolio of fixed income securities, the selection of which is based upon fundamental research analysis, to mitigate this risk. The Sub-Fund limits its exposure to credit risk by transacting the majority of its securities issued by issuers with a suitable credit rating, and contractual commitment activity with broker-dealers and financial institutions with high credit ratings that the Sub-Fund considers to be well established.

The Sub-Fund's maximum exposure to credit risk at the end of the reporting period is the carrying amount of total assets as shown on the statement of financial position.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2014.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Sub-Fund's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise.

12. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the period from 2 September 2013 (date of inception) to 31 December 2014.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 22 April 2015.



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UNAUDITED INVESTMENT PORTFOLIO

31 December 2014

	Holding/ Nominal value	Fair value HK\$	% of net assets
<b>Listed/quoted debt securities</b>			
<i>British Virgin Islands</i>			
Denominated in HK\$			
HLP FINANCE LTD 4.35% S/A 20JAN2021	1,000,000	1,043,608	2.00%
MELCO FINANCE LTD 4.15% Q 05MAR2018	1,000,000	1,002,500	1.92%
NWD MTN LTD 5.9% S/A 18SEP2023	4,000,000	4,316,617	8.24%
TONG JIE LTD CB 0% A 18FEB2018	2,000,000	2,011,500	3.85%
<i>Cayman Islands</i>			
Denominated in HK\$			
CHEUNG KONG BOND FINANCE LTD 5.1% Q 07APR2016	1,000,000	1,042,576	1.99%
CHEUNG KONG FINANCE MTN LTD 4.35% Q 20JAN2020	1,000,000	1,053,055	2.01%
MTR CORP (CI) LTD 4.5 % Q 11MAY2015	1,000,000	1,012,720	1.94%
MTR CORP (CI) 4.95% Q 21OCT2019	1,000,000	1,117,910	2.14%
SHENZHOU INTL GROUP HLDGS LTD 0.5% S/A 18JUN2019	2,000,000	1,976,200	3.78%
SUN HUNG KAI PRO (CAP)4.67% Q 09FEB2016	1,500,000	1,552,635	2.97%
Denominated in US\$			
CIFI HLDGS GROUP CO LTD 12.25% S/A 15APR2018	500,000	4,233,091	8.10%
SHUI ON DEVELOPMENT HLDG LTD 9.75% S/A 16FEB2015	500,000	3,890,827	7.44%
YUZHOU PROPERTIES CO LTD 8.625% S/A 24JAN2019	500,000	3,784,015	7.24%
<i>Hong Kong</i>			
Denominated in HK\$			
DAH SING BANK LTD 2.28% Q 07NOV2018 FXCD	1,000,000	978,469	1.87%
DBS BANK HONG KONG LTD 3.86% Q 20JAN2020 FXCD	1,000,000	1,027,997	1.97%
FAR EAST HORIZON LTD 4.35% Q 14MAR2020	2,000,000	1,973,000	3.77%
HK GOVT 1.52% S/A 25SEP2018	1,000,000	1,014,030	1.94%
HK MTG CO 0% A 19SEP2016	1,000,000	980,840	1.88%

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UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2014

	Holding/ Nominal value	Fair value HK\$	% of net assets
<b>Listed/quoted debt securities (continued)</b>			
<i>Hong Kong (continued)</i>			
Denominated in HK\$			
HK MTG CO 2% Q 11JAN2016	1,000,000	1,013,335	1.94%
HONG KONG GOVERNMENT BOND PROGRAMME 0.61% S/A 05FEB2018	1,000,000	984,750	1.88%
HONG KONG SAR GOVERNMENT BOND 5.125% S/A 23JUL2019	2,000,000	2,311,980	4.42%
KOWLOON-CANTON 3.88% S/A 15JUN2021	1,000,000	1,066,280	2.04%
WHARF FINANCE LTD 2.65% Q 11JAN2018	2,000,000	1,992,400	3.81%
WHARF FINANCE LTD 3% Q 23OCT2018	1,500,000	1,495,605	2.86%
WHARF FINANCE NO 1 LTD 2.9% Q 27NOV2018	1,000,000	991,940	1.90%
WHELOCK FINANCE LTD 2.7% Q 18JAN2018	2,000,000	2,006,972	3.84%
WING HANG BANK LTD 1.3% A 22JUL2015 FXCD	1,000,000	1,000,967	1.91%
WING HANG BANK LTD 2.6% Q 16JUL2018 FXCD	1,000,000	1,010,561	1.93%
<i>United Arab Emirates</i>			
Denominated in HK\$			
NATIONAL BANK OF ABU DHABI 4.6% Q 29JAN2021 FXCD	2,000,000	2,181,360	4.17%
TOTAL INVESTMENTS, AT FAIR VALUE		50,067,740	95.75%
TOTAL INVESTMENTS, AT COST		50,241,757	

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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO

31 December 2014

	Movement			
	At 2 September 2013 (date of inception)	Additions	Disposals	At 31 December 2014
LISTED/QUOTED DEBT SECURITIES				
British Virgin Islands				
Denominated in HK\$				
HLP FINANCE LTD 4.35% S/A 20JAN2021	-	1,000,000	-	1,000,000
MELCO FINANCE LTD 4.15% Q 05MAR2018	-	1,000,000	-	1,000,000
NWD MTN LTD 5.9% S/A 18SEP2023	-	4,000,000	-	4,000,000
TONG JIE LTD CB 0% A 18FEB2018	-	2,000,000	-	2,000,000
Cayman Islands				
Denominated in HK\$				
CHEUNG KONG BOND FINANCE LTD 5.1% Q 07APR2016	-	1,000,000	-	1,000,000
CHEUNG KONG FINANCE MTN LTD 4.35% Q 20JAN2020	-	1,000,000	-	1,000,000
COUNTRY GARDEN HLDGS CO LTD 11.75% S/A 10SEP2014 REGS	-	1,000,000	(1,000,000)	-
MTR CORP (CI) 4.95% Q 21OCT2019	-	1,000,000	-	1,000,000
MTR CORP (CI) LTD 4.5 % Q 11MAY2015	-	1,000,000	-	1,000,000
SHENZHOU INTL GROUP HLDGS LTD 0.5% S/A 18JUN2019	-	2,000,000	-	2,000,000
SUN HUNG KAI PRO (CAP) 3.1% Q 24JUL2014	-	1,000,000	(1,000,000)	-
SUN HUNG KAI PRO (CAP) 4.67% Q 09FEB2016	-	1,500,000	-	1,500,000
Denominated in US\$				
CIFI HLDGS GROUP CO LTD 12.25% S/A 15APR2018	-	1,500,000	(1,000,000)	500,000
SHUI ON DEVELOPMENT HLDG LTD 9.75% S/A 16FEB2015	-	500,000	-	500,000
SUNAC CHINA HLDGS LTD 9.375% S/A 05APR2018	-	1,000,000	(1,000,000)	-
YUZHOU PROPERTIES CO LTD 8.625% S/A 24JAN2019	-	1,000,000	(500,000)	500,000

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A sub-fund of China Universal International Series)

UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO

31 December 2014

	Movement			
	At 2 September 2013 (date of inception)	Additions	Disposals	At 31 December 2014
LISTED/QUOTED DEBT SECURITIES (continued)				
Mainland China				
Denominated in HK\$				
BIOSTIME INTL HLDGS LTD CB 0% A 20FEB2019	-	2,000,000	(2,000,000)	-
CHINA PETROLEUM & CHEMICAL CORP CB 0% A 24APR2014	-	1,000,000	(1,000,000)	-
Hong Kong				
Denominated in HK\$				
DAH SING BANK LTD 2.28% Q 07NOV2018 FXCD	-	1,000,000	-	1,000,000
DBS BANK HONG KONG LTD 3.86% Q 20JAN2020 FXCD	-	1,000,000	-	1,000,000
FAR EAST HORIZON LTD 4.35% Q 14MAR2020	-	2,000,000	-	2,000,000
HK GOVT 1.52% S/A 25SEP2018	-	1,000,000	-	1,000,000
HK MTG CO 0% A 19SEP2016	-	1,000,000	-	1,000,000
HK MTG CO 2% Q 11JAN2016	-	1,000,000	-	1,000,000
HONG KONG GOVERNMENT BOND PROGRAMME 0.38% S/A 10MAR2014	-	1,000,000	(1,000,000)	-
HONG KONG GOVERNMENT BOND PROGRAMME 0.61% S/A 05FEB2018	-	1,000,000	-	1,000,000
HONG KONG GOVERNMENT BOND PROGRAMME 2.07% S/A 03NOV2014	-	2,000,000	(2,000,000)	-
HONG KONG SAR GOVERNMENT BOND 5.125% S/A 23JUL2019	-	3,000,000	(1,000,000)	2,000,000
KOWLOON-CANTON 3.88% S/A 15JUN2021	-	1,000,000	-	1,000,000
WHARF FINANCE LTD 2.65% Q 11JAN2018	-	2,000,000	-	2,000,000
WHARF FINANCE LTD 3% Q 23OCT2018	-	1,500,000	-	1,500,000
WHARF FINANCE NO 1 LTD 2.9% Q 27NOV2018	-	1,000,000	-	1,000,000
WHEELOCK FINANCE LTD 2.7% Q 18JAN2018	-	2,000,000	-	2,000,000
WING HANG BANK LTD 1.3% A 22JUL2015 FXCD	-	1,000,000	-	1,000,000
WING HANG BANK LTD 2.6% Q 16JUL2018 FXCD	-	1,000,000	-	1,000,000

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A sub-fund of China Universal International Series)

UNAUDITED MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2014

	Movement		
	At 2 September 2013 (date of inception)	Additions	At 31 December 2014
<b>LISTED/QUOTED DEBT SECURITIES</b>			
<b>(continued)</b>			
<i>United Arab Emirates</i>			
Denominated in HK\$			
NATIONAL BANK OF ABU DHABI			
4.6% Q 29JAN2021 FXCD	-	2,000,000	- 2,000,000

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
(A sub-fund of China Universal International Series)

UNAUDITED PERFORMANCE TABLE

31 December 2014

**1. NET ASSET VALUE**

	Net asset value per unit HK\$	Total net asset value HK\$
As at 31 December 2014 <sup>1</sup>		
- Class A units	N/A	N/A
- Class I units	10.046	52,289,172

<sup>1</sup> *Inception on 2 September 2013*

**2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT**

	Highest subscription unit price HK\$	Lowest redemption unit price HK\$
For the period from 2 September 2013 (date of inception) to 31 December 2014		
- Class A units	N/A	N/A
- Class I units	10.348	9.941