

FOURTH ADDENDUM

CHINA UNIVERSAL INTERNATIONAL SERIES (the “Fund”)

This Fourth Addendum should be read in conjunction with, and forms part of, the Explanatory Memorandum for the Fund dated October 2015, the First Addendum dated 26 September 2016, the Second Addendum dated 31 October 2016 and the Third Addendum dated 9 February 2017 (collectively, the “Explanatory Memorandum”). All capitalised terms herein contained shall have the same meaning in this Fourth Addendum as in the Explanatory Memorandum, unless otherwise indicated.

China Universal Asset Management (Hong Kong) Company Limited (the “**Manager**”) accepts full responsibility for the accuracy of the information contained in this document at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this document misleading. Unless otherwise stated herein, the Explanatory Memorandum remains in full force and effect.

The following changes will be made to the Explanatory Memorandum with immediate effect:

I. Overview of the Mainland bond market

The section headed “**Overview of the Mainland bond market**” on page 51 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

“Overview of the Mainland bond market

The Mainland bond market consists of three markets: (i) the interbank bond market regulated by the People’s Bank of China which functions as a wholesale market for institutional investors; (ii) the exchange bond market regulated by the China Securities Regulatory Commission; and (iii) the bank over-the-counter market regulated by the People’s Bank of China which is an extended market of the interbank bond market. The current size and trading volume of the bank over-the-counter market is much smaller than the interbank bond market and the exchange bond market.

In respect of the interbank bond market and the exchange bond market, the table below summarises their respective key features:

	Interbank bond market	Exchange bond market
Size	As at 31 December 2016, the current size of the interbank bond market is RMB 56.80 trillion. (Data source: Wind, data as of 31 December 2016)	As at 31 December 2016, the current size of the exchange bond market is RMB 25.77 trillion. (Data source: Wind, data as of 31 December 2016)
Major types of products being trade	<ul style="list-style-type: none"> • Sovereign bonds; • Local government bonds; • Bonds issued by banks or other financial institutions; • Enterprise bonds ; • Central bank bills; • Commercial papers; • Medium term notes; • Panda bonds (i.e. RMB-denominated bonds issued by international financial institutions within the boundaries of China); • Asset backed securities. 	<ul style="list-style-type: none"> • Sovereign bonds; • Local government bonds; • Enterprise bonds ; • Listed company bonds; • Convertible bonds; and • Asset backed securities.
Key market participants	<ul style="list-style-type: none"> • Commercial banks • Insurance companies • Securities companies • Fund management companies • RQFIIs 	<ul style="list-style-type: none"> • Insurance companies • Securities companies • Fund management companies • Individuals • Qualified Foreign Institutional Investors (“QFIIs”) • RQFIIs
Trading & settlement mechanism	Enquiry trading system and details of the terms and settlement cycle are negotiated between the counterparties on each trade; common settlement cycle: T+0 and T+1	Centralised trade matching with netting settlement; settlement cycle: T+0 for security while T+1 for cash

Regulator	People's Bank of China	China Securities Regulatory Commission
Counterparty with whom the Sub-Fund will trade	Trading counterparties, mainly financial institutions	China Securities Depository and Clearing Corporation Limited ("CSDCCL") acting as the central counterparty to all securities transactions on the Shanghai and Shenzhen Stock Exchange
Central Clearing House	China Central Depository & Clearing Co., Ltd. or Shanghai Clearing House depending on the type of instruments	China Securities Depository and Clearing Corporation Limited
Liquidity	Relatively high	Relatively medium to low
Associated risks	List of associated risks including but not limited to the following: <ul style="list-style-type: none"> • Credit risk of issuers or counterparties • Liquidity risk 	List of associated risks including but not limited to the following: <ul style="list-style-type: none"> • Potential default risk of CSDCCL • Liquidity risk • Limited pool of investments
Minimum rating requirements	None	For listing on Shanghai Stock Exchange: <ul style="list-style-type: none"> • None for bonds traded on Integrated Electronic Platform for Fixed Income Securities • AA on bond issuer for bonds traded on Centralised bidding system For listing on Shenzhen Stock Exchange: <ul style="list-style-type: none"> • None for bonds traded on Intergrated platform for negotiated trading • AA for bonds traded on Centralised bidding system

Fixed income instruments commonly seen and their issuers

Common debt instruments	Issuer
Sovereign bonds and local government bonds (collectively “government bonds”)	Ministry of Finance and local government bodies
Policy bank bonds	Policy banks (i.e. China Development Bank, Agricultural Development Bank of China and The Export-Import Bank of China)
Bonds issued by banks or other financial institutions	Commercial banks or other non-bank financial institutions
Central bank notes/bills	PBOC
Enterprise bonds (企業債券)	Enterprises (mostly state-owned enterprises)
Corporate/Company bonds (公司債券)	Companies
Short-term financing bills & medium-term notes	Non-financial corporations/enterprises

The yield of the major RMB denominated instruments in the PRC was in the range of 2.65% to 3.44 % for government bonds and 3.91% to 6.65 % for corporate bonds, as at 31 December 2016. (Source: Wind, data as of 31 December 2016)

However, investors should note that this is not an indication of the expected return of the Sub-Fund. There is no assurance that the Sub-Fund’s return will be correlated with the expected yield of its underlying investments.

PRC Credit Rating Agencies

Major credit rating agency	<ul style="list-style-type: none"> • China Cheng Xin International Credit Rating Co., Ltd • Dagong Global Credit Rating Co., Ltd • China Lianhe Credit Rating Co., Ltd • Shanghai Brilliance Credit Rating & Investor Service Co., Ltd • Pengyuan Credit Rating Co., Ltd
Regulator	<ul style="list-style-type: none"> • Competent Mainland authorities

Difference in methodology compared to international peers	The methodology of China's credit rating is similar to international peers but the emphasis is different. China's credit rating companies emphasize the background of shareholders or the support from the government but the international rating companies emphasize the issuers' section and operation status.
The way to access the rating information	There are three ways: (1) rating report provided by underwriters (2) rating report disclosed by the issuer's public notice (3) rating report disclosed at rating company's website

II. Automatic Exchange of Financial Account Information

1. The following paragraphs shall be added immediately after the last paragraph under sub-section headed "**Hong Kong**" under the section headed "**Taxation**" on page 43 of the Explanatory Memorandum:

"Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FI**") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("**IRD**") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("**CAA**"); however, the Fund, the Sub-Funds, the Manager and/or their agents may further collect information relating to residents of other jurisdictions.

The Fund and each Sub-Fund are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Fund, the Sub-Funds, the Manager and/or their agents shall collect and provide to the IRD tax information relating to Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require the Fund and/or each Sub-Fund to, amongst other things: (i) register its status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e., Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes"; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident

in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By investing in the relevant Sub-Fund and/or continuing to invest in the relevant Sub-Fund, Unitholders acknowledge that they may be required to provide additional information to the Fund and/or the relevant Sub-Fund, the Manager and/or the Fund's or the relevant Sub-Fund's agents in order for the Fund and/or the relevant Sub-Fund to comply with AEOI. The Unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Fund, the Sub-Funds, the Manager and/or other agents of the Fund and the Sub-Funds taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

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

China Universal Asset Management (Hong Kong) Company Limited

17 February 2017