

CHINA UNIVERSAL INTERNATIONAL SERIES (the “Fund”)

**CUAM China-Hong Kong Strategy Fund
CUAM Hong Kong Dollar Bond Fund
CUAM RMB Bondplus Fund
CUAM Select US Dollar Bond Fund
(each a “Sub-Fund”, together, the “Sub-Funds”)**

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional financial advice. Investment involves risk. Please refer to the Explanatory Memorandum of the Fund and the Product Key Facts Statement of each Sub-Fund for further details including the risk factors.

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 misleading.

Capitalised terms used herein shall bear the same meanings as capitalised terms used in the Explanatory Memorandum for the Fund dated October 2015, the First Addendum dated 26 September 2016, the Second Addendum dated 31 October 2016, the Third Addendum dated 9 February 2017 and the Fourth Addendum dated 17 February 2017 (collectively, the “Explanatory Memorandum”).

Dear Investor,

We are writing to inform you of the following matters in relation to the Fund and the Sub-Funds:

A. Changes in investment policy of CUAM China-Hong Kong Strategy Fund

To provide greater flexibility for CUAM China-Hong Kong Strategy Fund to capture market opportunities, the investment policy of the Sub-Fund will be revised (the “**Scheme Change**”) with effect from 28 April 2017 (the “**Effective Date**”) to allow:

- a. the Manager to adopt an active and dynamic asset allocation strategy to determine its allocation to different asset classes including but not limited to equity securities and debt securities instruments;
- b. the Sub-Fund to invest up to 100% of its net asset value in equity securities (including but not limited to ordinary shares, preferred shares) of companies which are established in mainland China or Hong Kong or having their income, revenue, assets, economic activities, business or operations associated with mainland China and/or Hong Kong (“**China-Hong Kong Companies**”);
- c. the Sub-Fund to invest not more than 30% of its net asset value in debt securities instruments (including but not limited to long-term bonds, medium-term notes, bills and convertible bonds) issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong;

- d. the Sub-Fund to invest less than 30% of its net asset value in (1) equities securities of non-China-Hong Kong Companies, (2) debt securities instruments issued by non-China-Hong Kong Companies, and governments, government agencies and supra-national issuers outside mainland China or Hong Kong, and (3) collective investment schemes;
- e. the Sub-Fund to invest less than 60% of its net asset value in debt securities instruments which are below investment grade or unrated;
- f. the Sub-Fund to invest not more than 30% of its net asset value in convertible bonds;
- g. the Sub-Fund to invest not more than 20% of its net asset value in onshore mainland China market through various means, including but without limitation, using RQFII quota of the Manager (as RQFII holder), or through investment in other collective investment schemes, or through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect or such other means as may be permitted under applicable laws and regulations from time to time);
- h. the Sub-Fund to invest less than 30% of its net asset value in cash and cash equivalents, which may include cash, deposits and money market instruments for liquidity and cash management purposes; and
- i. the Sub-Fund to hold temporarily up to 100% of its net asset value in cash or cash equivalents under exceptional circumstances, such as (i) market crash, or major crisis, (ii) attempts to mitigate the risk of potential sharp reversals and fall in the equity or bond markets, (iii) attempts to mitigate downside risks during uncertainties or (iv) maintain liquidity for the Sub-Fund.

Please refer to the below for details of the current and revised investment policy of the Sub-Fund. The material changes to the investment policy of the Sub-Fund are underlined for your easy reference.

Existing investment policy	Revised investment policy
<p>The Manager will invest principally in listed equity securities of Greater China Companies and it intends to hold such investments for a medium to long term (i.e. for a period varying from 6 months to 5 years), although the actual holding period may vary subject to various factors such as the actual return from the investments.</p> <p>At least 70% of the Sub-Fund’s net asset value will be invested in equity securities listed on the Hong Kong Stock Exchange.</p> <p>In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its net asset value in equity securities listed on other stock exchanges around the world,</p>	<p><u>At least 70% of the Sub-Fund’s net asset value will be invested in a portfolio of (a) equity securities (including but not limited to ordinary shares, preferred shares, American Depositary Receipts, Global Depositary Receipts) of companies which are established in mainland China or Hong Kong or having their income, revenue, assets, economic activities, business or operations associated with mainland China and/or Hong Kong (“China-Hong Kong Companies”); and (b) debt securities instruments (including but not limited to long-term bonds, medium-term notes, bills and convertible bonds) issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China</u></p>

debt securities and other collective investment schemes, subject to the investment and borrowing restrictions in the Explanatory Memorandum. For the avoidance of doubt, the Sub-Fund's aggregate exposure in onshore mainland China market will not be more than 20% of its net asset value.

The Sub-Fund may have direct exposure to China A-Shares using RQFII quota of the Manager (as RQFII holder) and China B-Shares. The Sub-Fund may also have direct exposure to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect (“**Stock Connect**”) (as further described in the section headed “Shanghai-Hong Kong Stock Connect” in the Explanatory Memorandum). Besides, the Sub-Fund may invest in exchange traded funds listed on Hong Kong Stock Exchange with exposure to China A-Shares (including physical and synthetic ETFs).

The Sub-Fund will not invest more than 10% of its net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. Also, the Sub-Fund will not invest in structured products such as asset backed securities (including asset backed commercial papers).

The Sub-Fund will invest in financial derivative instruments (by engaging in foreign currency transactions, including but not limited to currency forward contracts) for hedging purposes only.

The Sub-Fund will not engage in securities lending transactions or repurchase and reverse repurchase transactions.

or Hong Kong. The Sub-Fund will not focus its investment in any specific industries or sectors although the allocation in certain industry or sector may be relatively significant, depending on the Manager's assessment at different times.

The Sub-Fund may invest:

- Up to 100% of the Sub-Fund's net asset value in equity securities of China-Hong Kong Companies;
- Not more than 30% of the Sub-Fund's net asset value in debt securities instruments issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong.

Indicative Asset Allocation

The following is an indication of the asset allocation of the Sub-Fund:

<u>Asset Type</u>	<u>Indicative Percentage of the Sub-Fund's net asset value</u>
<u>Equity securities</u>	<u>40-100%</u>
<u>Debt securities instruments</u>	<u><60%</u>
<u>Collective investment schemes, cash and cash equivalents</u>	<u><30%</u>

In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its net asset value in (1) equity securities of non-China-Hong Kong Companies, (2) debt securities instruments issued by non-China-Hong Kong Companies, and governments, government agencies and supra-national issuers outside mainland China or Hong Kong, and (3) collective investment schemes, subject to the investment and borrowing restrictions in the Explanatory Memorandum and Chapter 7 of the Code on Unit Trusts and Mutual Funds.

The Sub-Fund may invest less than 60%

of its net asset value in debt securities instruments which are below investment grade or unrated. The Sub-Fund does not have requirement on the minimum credit rating of the debt securities instruments it may hold. "Investment grade" means a rating of BBB- or above from Standard & Poor's and Fitch, Baa3 or above from Moody's or an equivalent rating from any internationally recognized credit rating agency. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of the security. "Unrated debt securities" means a debt security which neither the security itself nor its issuer has a credit rating. The Sub-Fund does not have any limitation on the maturity of the debt securities instruments. The debt securities instruments the Sub-Fund will invest in are traded in the global debt securities markets such as but not limited to Hong Kong, US and China.

The Sub-Fund may invest not more than 30% of its net asset value in convertible bonds.

The Sub-Fund may invest not more than 20% of its net asset value in onshore mainland China market through various means, including but without limitation, using RQFII quota of the Manager (as RQFII holder), or through investment in other collective investment schemes, or through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect or such other means as may be permitted under applicable laws and regulations from time to time.

The Sub-Fund will not invest more than 10% of its net asset value in debt securities issued by and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade. Also, the Sub-Fund will not invest in collateralised and/or securitised products such as asset backed securities and mortgage backed securities (including asset backed commercial papers).

	<p><u>The Sub-Fund may hold less than 30% of its net asset value in cash and cash equivalents, which may include cash, deposits and money market instruments for liquidity and cash management purposes. The Sub-Fund may hold temporarily up to 100% of its net asset value in cash or cash equivalents under exceptional circumstances, such as (i) market crash, or major crisis, (ii) attempts to mitigate the risk of potential sharp reversals and fall in the equity or bond markets, (iii) attempts to mitigate downside risks during uncertainties or (iv) maintain liquidity for the Sub-Fund.</u></p> <p>The Sub-Fund will invest in financial derivative instruments (by engaging in foreign currency transactions, including but not limited to currency forward contracts) for hedging purposes only.</p> <p>The Sub-Fund will not engage in securities lending transactions or repurchase and reverse repurchase transactions or similar over-the-counter transaction.</p> <p><u>The asset allocation of the Sub-Fund may change taking into account different factors including but not limited to the Manager's views of fundamental economic and market conditions and investment trends across the globe, liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.</u></p>
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As a result of the Scheme Change, the Sub-Fund's asset allocation will be changed such that the Sub-Fund's exposure to debt securities will be increased, as opposed to the current investment focus on equities listed on the Hong Kong Stock Exchange. The Sub-Fund will therefore be subject to the additional risk relating to dynamic asset allocation strategy, risks relating to convertible bonds, Eurozone risk, risk relating to depositary receipts and risk relating to preferred shares. In addition, the Sub-Fund will be subject to a higher level of the following risks: credit risk (including risks associated with debt securities rated below investment grade or unrated), counterparty risk, interest rates risk, liquidity and volatility risk, downgrading risk, risk relating to credit rating, sovereign risk, valuation risk and emerging market risk.

Shenzhen-Hong Kong Stock Connect

With regard to the Shenzhen-Hong Kong Stock Connect through which the Sub-Fund may invest in China A-Shares, this is a new securities trading and clearing linked programme developed by the Stock Exchange of Hong Kong Limited, Shenzhen Stock Exchange, China Securities Depository and Clearing Corporation Limited and Hong Kong Securities Clearing Company Limited, with an aim to achieve mutual stock market access between Shenzhen and Hong Kong.

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors will be able to trade eligible China A-Shares listed on the Shenzhen Stock Exchange (“SZSE”). These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB6 billion and all SZSE-listed China A-Shares which have corresponding H Shares listed on the Hong Kong Stock Exchange except for the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the “risk alert board”.

Please note that investments through the Shenzhen-Hong Kong Stock Connect are subject to similar risks as those applicable to the Shanghai-Hong Kong Stock Connect, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risk, participation in corporate actions and shareholders’ meetings, no protection by Investors Compensation Fund and regulatory risk. When investing in eligible China A-Shares through the Shenzhen-Hong Kong Stock Connect, the Sub-Fund will also be subject to risks associated with the Small and Medium Enterprise Board and/or ChiNext Board. Please refer to the Fifth Addendum for further information relating to the Shenzhen-Hong Kong Stock Connect.

Apart from the Scheme Change, there is no change in the investment objective, operation, fee structure and fee level payable by the Sub-Fund and the Unitholders and/or manner in which the Sub-Fund is being managed and there will be no material impact on existing Unitholders. As a result of the Scheme Change, the Sub-Fund will be changed from an equity fund to a mixed assets fund. The asset allocation of the Sub-Fund may change from time to time, investors should be aware of this feature when considering the risk profile of the Sub-Fund, which may change from time to time depending of the asset allocation of the Sub-Fund. The Scheme Change will not materially prejudice the existing Unitholders’ rights or interests.

B. Other amendments

In addition to the Scheme Change set out above, the Explanatory Memorandum will be updated to reflect updates to the Shenzhen-Hong Kong Stock Connect, the PRC tax disclosures and the risk disclosures.

The costs incurred in relation to the Scheme Change and other changes as discussed above will be borne by the Manager. There will be no change in fee structure and fee level payable by the Sub-Fund and the Unitholders following the implementation of the Scheme Change and other changes as discussed above.

Unitholders who do not agree with the above Scheme Change and other changes may redeem their Units in accordance with the provisions in the Explanatory Memorandum. Currently, there is no redemption charge.

To reflect the Scheme Change and the other changes as discussed above, the Explanatory Memorandum of the Fund and the Sub-Funds and the Product Key Facts Statement of the

CUAM China-Hong Kong Strategy Fund will be updated, where appropriate. The revised Explanatory Memorandum of the Fund and the Sub-Funds and the revised Product Key Facts Statement of the CUAM China-Hong Kong Strategy Fund will be available from the Effective Date on the Manager's website (www.99fund.com.hk).¹

If you have any questions or require further information about the scheme changes, please contact the Manager at Room 3710-3711, 37/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or by telephone at (852) 3983 5600.

Yours faithfully,

China Universal Asset Management (Hong Kong) Company Limited
28 March 2017

¹ This website has not been reviewed by the SFC and may contain information of funds not authorized by the SFC.