

Annual Report

**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)

31 December 2016



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**

LI Wen  
WAN Qing  
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

**AUDITOR**

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 in Hong Kong have remained loose during the year. The United States Dollar/Hong Kong Dollar (US\$/HK\$) exchange rate stayed near the lower end of the peg band, closing at 7.7559. The Hong Kong monetary base edged up by HK\$43 billion to HK\$1,636 billion. The aggregate balance decreased to HK\$260 billion. Bond yields remain low due to the loose monetary policy of the United States Federal Reserve in the first 3 quarters and went up rapidly after Trump won the election. 5-year Hong Kong Exchange Fund Note yield increased to 1.56%.

Assuming dividends were reinvested, the Hong Kong Dollar Class I units of the Sub-Fund achieved a 1.35% and the Hong Kong Dollar Class A units of the Sub-Fund achieved a 1.09% return during the year. The US Dollar Class I units of the Sub-Fund had a loss of 0.60% since its inception date on 9 December 2016<sup>1</sup>.

Currently the Sub-Fund is of short duration as interest rates are on a path to a more normal level since the fourth quarter of 2016. 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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24 April 2017

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<sup>1</sup> As of 31 December 2016, Class A HKD units, Class I HKD units and Class I USD units were in issue.

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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 year ended 31 December 2016 in accordance with the provisions of the trust deed dated 29 December 2011 as amended by three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, the "Trust Deed").

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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24 April 2017

**Independent auditor's 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)

**Opinion**

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 7 to 36, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information included in the Annual Report**

The Manager and the Trustee of the Sub-Fund are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent auditor's report (continued)**

To the Trustee and the Manager of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND

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**Responsibilities of the Manager and the Trustee for the financial statements**

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Sub-Fund are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the trust deed dated 29 December 2011 as amended by three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Independent auditor's report (continued)**

To the Trustee and the Manager of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND

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**Auditor's responsibilities for the audit of the financial statements (continued)**

- Obtain an understanding of internal control relevant to the audit 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

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

Certified Public Accountants  
Hong Kong  
24 April 2017



CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

|  | Notes | 2016<br>HK\$               | 2015<br>HK\$            |
|--|-------|----------------------------|-------------------------|
| <b>INCOME</b>  |       |                            |                         |
| Interest income on financial assets at fair value through profit or loss |       | 3,800,348                  | 2,395,965               |
| Other interest income  |       | 29,560                     | 870                     |
| Net (loss)/gain on financial assets at fair value through profit or loss | 7     | ( 2,142,647)               | 901,065                 |
| Foreign exchange differences   |       | ( 28,335)                  | ( 7,767)                |
| Other income   |       | <u>13,602</u>              | <u>19,374</u>           |
|  |       | <u>1,672,528</u>           | <u>3,309,507</u>        |
| <b>EXPENSES</b>  |       |                            |                         |
| Management fee   | 4     | ( 756,181)                 | ( 338,895)              |
| Trustee fee  | 4     | ( 220,034)                 | ( 98,858)               |
| Custodian fee  | 4     | ( 22,626)                  | ( 11,407)               |
| License fee  |       | ( 7,000)                   | -                       |
| Other expenses   |       | <u>( 7,986)</u>            | <u>( 5,403)</u>         |
|  |       | <u>( 1,013,827)</u>        | <u>( 454,563)</u>       |
| <b>OPERATING PROFIT</b>  |       | 658,701                    | 2,854,944               |
| <b>FINANCE COSTS</b>   |       |                            |                         |
| Distributions to unitholders   | 6     | <u>( 3,771,419)</u>        | <u>(1,777,707)</u>      |
| <b>(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>     |       | <u><u>( 3,112,718)</u></u> | <u><u>1,077,237</u></u> |

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

31 December 2016

|   | Notes | 2016<br>HK\$              | 2015<br>HK\$              |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>   |       |                           |                           |
| Financial assets at fair value through profit or loss                         | 7     | 167,400,247               | 107,175,481               |
| Cash and cash equivalents   | 9     | 36,827,507                | 17,186,348                |
| Interest receivable   |       | 1,456,128                 | 1,032,835                 |
| Other receivables   |       | <u>44,080</u>             | <u>16,520</u>             |
| <b>TOTAL ASSETS</b>   |       | <u><u>205,727,962</u></u> | <u><u>125,411,184</u></u> |
| <b>LIABILITIES</b>  |       |                           |                           |
| Management fee payable  | 4     | 88,794                    | 54,912                    |
| Trustee fee payable   | 4     | 24,978                    | 14,128                    |
| Other payables and accruals   |       | <u>1,700</u>              | <u>1,450</u>              |
| <b>TOTAL LIABILITIES EXCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS</b> |       | <u><u>115,472</u></u>     | <u><u>70,490</u></u>      |
| <b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>                                 | 11    | <u><u>205,612,490</u></u> | <u><u>125,340,694</u></u> |
| <b>NUMBER OF UNITS IN ISSUE</b>   |       |                           |                           |
| - Class A (HKD) units   | 10    | 3,083,059.516             | 5,066,879.558             |
| - Class I (HKD) units   | 10    | 15,712,969.752            | 7,231,556.764             |
| - Class I (USD) units   | 10    | 2,000,934.100             | -                         |
| <b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS<br/>PER UNIT</b>                    |       |                           |                           |
|   |       | HK\$                      | HK\$                      |
| - Class A (HKD) units   |       | 9.920                     | 10.069                    |
| - Class I (HKD) units   |       | 10.157                    | 10.278                    |
|   |       | US\$                      | US\$                      |
| - Class I (USD) units   |       | 0.994                     | -                         |

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

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

|   | Total<br>equity<br>HK\$ |
|---|-------------------------|
| At 1 January 2015   | 52,289,172              |
| Reclassification of the redeemable units as financial liabilities | <u>( 52,289,172)</u>    |
| At 31 December 2015 and 31 December 2016                          | <u><u>-</u></u>         |

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

Year ended 31 December 2016

|  | HK\$                      |
|--|---------------------------|
| At 1 January 2015  | -                         |
| Reclassification of the redeemable units as financial liabilities  | 52,289,172                |
| Subscription of units  | 71,974,285                |
| Increase in net assets attributable to unitholders during the year | <u>1,077,237</u>          |
| At 31 December 2015 and 1 January 2016                             | 125,340,694               |
| Subscription of units  | 146,372,892               |
| Redemption of units  | ( 62,988,378)             |
| Decrease in net assets attributable to unitholders during the year | <u>( 3,112,718)</u>       |
| At 31 December 2016  | <u><u>205,612,490</u></u> |

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

Year ended 31 December 2016

|  | Note | 2016<br>HK\$      | 2015<br>HK\$      |
|--|------|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |      |                   |                   |
| Profit for the year  |      | 658,701           | 2,854,944         |
| Adjustments for:   |      |                   |                   |
| Interest income on financial assets at fair value through profit or loss |      | ( 3,800,348)      | ( 2,395,965)      |
| Other interest income  |      | ( 29,560)         | ( 870)            |
|  |      | ( 3,171,207)      | 458,109           |
| Increase in financial assets at fair value through profit or loss        |      | ( 60,224,766)     | (57,107,741)      |
| (Increase)/decrease in other receivable                                  |      | ( 27,560)         | 1,170             |
| Increase in management fee payable                                       |      | 33,882            | 31,330            |
| Increase in trustee fee payable  |      | 10,850            | 7,053             |
| Increase in other payables and accruals                                  |      | 250               | 1,200             |
| Net cash used in operations  |      | ( 63,378,551)     | (56,608,879)      |
| Interest received  |      | 3,406,615         | 2,023,797         |
| Net cash flows used in operating activities                              |      | ( 59,971,936)     | (54,585,082)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |      |                   |                   |
| Proceeds from issue of units   |      | 146,372,892       | 71,974,285        |
| Payments for redemption of units   |      | ( 62,988,378)     | -                 |
| Distribution to unitholders  |      | ( 3,771,419)      | ( 1,777,707)      |
| Net cash flows from financing activities                                 |      | 79,613,095        | 70,196,578        |
| NET INCREASE IN CASH AND CASH EQUIVALENTS                                |      | 19,641,159        | 15,611,496        |
| Cash and cash equivalents at beginning of year                           |      | 17,186,348        | 1,574,852         |
| CASH AND CASH EQUIVALENTS AT END OF YEAR                                 | 9    | <u>36,827,507</u> | <u>17,186,348</u> |
| <b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>                  |      |                   |                   |
| Cash and bank balances   | 9    | <u>36,827,507</u> | <u>17,186,348</u> |

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

Year ended 31 December 2016

|  | Note | HK\$        |
|--|------|-------------|
| Undistributed income at 1 January 2015                                       |      | -           |
| Increase in net assets attributable to unitholders during the year           |      | 1,077,237   |
| Add: Finance costs – distribution to unitholders                             |      | 1,777,707   |
| Less: Net gain on financial assets at fair value through profit or loss      |      | ( 901,065)  |
| Undistributed income before distribution                                     |      | 1,953,879   |
| 2015 interim distribution (HK\$0.130 per unit) distributed on 15 June 2015   | 6    | ( 676,679)  |
| 2015 final distribution (HK\$0.090 per unit) distributed on 15 December 2015 | 6    | (1,101,028) |
| Transfer to capital  |      | ( 176,172)  |
| Undistributed income at 31 December 2015 and 1 January 2016                  |      | -           |
| Decrease in net assets attributable to unitholders during the year           |      | (3,112,718) |
| Add: Finance costs – distribution to unitholders                             |      | 3,771,419   |
| Add: Net loss on financial assets at fair value through profit or loss       |      | 2,142,647   |
| Undistributed income before distribution                                     |      | 2,801,348   |
| 2016 interim distribution (HK\$0.12 per unit) distributed on 17 June 2016    | 6    | (1,226,536) |
| 2016 final distribution (HK\$0.14 per unit) distributed on 15 December 2016  | 6    | (2,544,883) |
| Transfer from capital  |      | 970,071     |
| Undistributed income at 31 December 2016                                     |      | -           |

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  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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 three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, the "Trust Deed"). As at 31 December 2016, the Trust 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"). Authorisation by the SFC does not imply official approval or recommendation.

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 year ended 31 December 2016, Class A units and 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.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year; except that the Sub-Fund has adopted the following new revised accounting standard:

Amendments to HKAS 1 *Disclosure Initiative*  
*Annual Improvements to HKFRSs 2012-2014 Cycle*

The nature and the impact of the amendments are described below:

**Amendments to HKAS 1 - *Disclosure Initiative***

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Sub-Fund's financial statements.

**Amendments under *Annual Improvements to HKFRSs 2012-2014 Cycle***

The Sub-Fund has applied the applicable improvement for the first time in these financial statements. This includes:

**HKFRS 7 *Financial Instruments: Disclosures*:** Clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required.



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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2.3 NEW AND REVISED HKFRSs NOT YET ADOPTED

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

|                      |   |
|----------------------|---|
| HKFRS 9              | <i>Financial Instruments</i> <sup>2</sup> |
| Amendments to HKAS 7 | <i>Disclosure Initiative</i> <sup>1</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</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 is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Sub-Fund's financial assets.

Amendments to HKAS 7 were issued in June 2016 and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Sub-Fund expects to adopt the amendments from 1 January 2017.

2.4 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, interest receivable on debt securities and other receivables.

**Financial liabilities at amortised cost**

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

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

**(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 on 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.

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

**(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.

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

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.

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 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.

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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 as part of the "net gain or loss on financial assets and liabilities at fair value through profit or loss".

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\$.

Net assets attributable to unitholders

The Sub-Fund issues redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option and are classified as financial liabilities.

The unitholders can redeem the units during the Hong Kong business days of each calendar month or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to unitholders of the relevant classes.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net assets attributable to unitholders per unit at the time of issue or redemption. The Sub-Fund's net assets attributable to unitholders per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue.

Prior to the issuance of Class A units in 2015, only Class I units were in issue. The Sub-Fund's redeemable units met the definition of puttable instruments classified as equity instruments under the revised HKAS 32 and were then classified as equity.

Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net gain/(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 year 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);
  - (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); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

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 profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is included in profit or loss as the "finance costs". A proposed distribution is recognised as a liability in the year in which it is approved by the Manager of the Sub-Fund.

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.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates and assumptions (continued)

*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.

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 year 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 year 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.



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

Holdings of the Sub-Fund (continued)

The holdings of Class I and Class A in the Sub-Fund by the Manager as at 31 December 2016 and 2015 were as follows:

| At 31 December 2016                                | Units<br>outstanding at<br>31 December<br>2015 | Units<br>subscribed<br>during<br>the year | Units<br>redeemed<br>during<br>the year | Units<br>outstanding at<br>31 December<br>2016 |
|--|--|---|---|--|
| CUAM Hong Kong Dollar<br>Bond Fund – Class I (HKD) | <u>5,250,860.688</u>                           | <u>6,979,614.455</u>                      | <u>-</u>                                | <u>12,230,475.143</u>                          |
| CUAM Hong Kong Dollar<br>Bond Fund – Class I (USD) | <u>-</u>                                       | <u>2,000,934.100</u>                      | <u>-</u>                                | <u>2,000,934.100</u>                           |
| CUAM Hong Kong Dollar<br>Bond Fund – Class A (HKD) | <u>68,273.463</u>                              | <u>1,786.470</u>                          | <u>-</u>                                | <u>70,059.933</u>                              |
| At 31 December 2015                                | Units<br>outstanding at<br>31 December<br>2014 | Units<br>subscribed<br>during<br>the year | Units<br>redeemed<br>during<br>the year | Units<br>outstanding at<br>31 December<br>2015 |
| CUAM Hong Kong Dollar<br>Bond Fund – Class I (HKD) | <u>5,205,218.669</u>                           | <u>45,642.019</u>                         | <u>-</u>                                | <u>5,250,860.688</u>                           |
| CUAM Hong Kong Dollar<br>Bond Fund – Class A (HKD) | <u>-</u>                                       | <u>68,273.463</u>                         | <u>-</u>                                | <u>68,273.463</u>                              |

Investment handling fee

The Sub-Fund pays investment handling fee of HK\$100 per transaction to the Trustee. For the year ended 31 December 2016, no investment handling fee was charged to the Sub-Fund as this was borne by the Manager (2015: Nil).

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

Brokerage commission

Bank of China (Hong Kong) Limited and BOCI Securities Limited, an affiliate of the Trustee, rendered brokerage services for the Sub-Fund's purchases and sales of securities. The transaction details were as follows:

For the year ended 31 December 2016

|                                      | Aggregate value<br>of purchases and<br>sales of securities<br>HK\$ | Total<br>commission<br>paid<br>HK\$ | % of Sub-<br>Fund's total<br>transactions<br>during the<br>year | Average<br>commission<br>rate (%) |
|--------------------------------------|--|-------------------------------------|---|-----------------------------------|
| Bank of China (Hong<br>Kong) Limited | 57,074,125   | -                                   | 29.10%  | -                                 |
| BOCI Securities<br>Limited           | 4,245,938  | -                                   | 2.17%   | -                                 |

For the year ended 31 December 2015

|                                      | Aggregate value<br>of purchases and<br>sales of securities<br>HK\$ | Total<br>commission<br>paid<br>HK\$ | % of Sub-<br>Fund's total<br>transactions<br>during the<br>year | Average<br>commission<br>rate (%) |
|--------------------------------------|--|-------------------------------------|---|-----------------------------------|
| Bank of China (Hong<br>Kong) Limited | 26,473,312   | -                                   | 22.99%  | -                                 |
| BOCI Securities<br>Limited           | 3,765,250  | -                                   | 3.27%   | -                                 |

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 year, interest income on these bank balances was HK\$1,429 (2015: HK\$870).

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.

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

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 until 31 December 2015 and 50% discount will be applied after 31 December 2015 until 30 June 2017.

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 2016, no fees were payable to the Custodian (2015: nil).

Certain charges, fees and expenses borne by the Manager

Pursuant to the Explanatory Memorandum of the Sub-Fund dated October 2015, certain charges, fees and expenses which are attributable to the Sub-Fund are borne by the Manager at its discretion starting from 1 January 2014 until a future date as notified by the Manager. For the year ended 31 December 2016, the Manager borne and paid a total sum of HK\$337,430 for the Sub-Fund (2015: HK\$179,027).

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.

6. DISTRIBUTIONS

|  | 2016<br>HK\$            |
|--|-------------------------|
| 2016 interim distribution (HK\$0.120 per unit) distributed on 17 June 2016   | 1,226,536               |
| 2016 final distribution (HK\$0.140 per unit) distributed on 15 December 2016 | <u>2,544,883</u>        |
| Total distributions during the year  | <u><u>3,771,419</u></u> |

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6. DISTRIBUTIONS (continued)

|  | 2015<br>HK\$            |
|--|-------------------------|
| 2015 interim distribution (HK\$0.130 per unit) distributed on 15 June 2015   | 676,679                 |
| 2015 final distribution (HK\$0.090 per unit) distributed on 15 December 2015 | <u>1,101,028</u>        |
| Total distributions during the year  | <u><u>1,777,707</u></u> |

The Manager has declared, on behalf of the Sub-Fund, the above interim and final dividend during the year ended 31 December 2016. The distributions were paid out on 23 June 2016 and 21 December 2016, respectively.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2016<br>HK\$               | 2015<br>HK\$              |
|---|----------------------------|---------------------------|
| Held for trading:   |                            |                           |
| Quoted debt securities  | 166,397,747                | 106,172,981               |
| Unquoted debt securities  | <u>1,002,500</u>           | <u>1,002,500</u>          |
| Total financial assets at fair value through profit or loss   | <u><u>167,400,247</u></u>  | <u><u>107,175,481</u></u> |
| Net gains or losses recognised in relation to financial assets<br>at fair value through profit or loss: |                            |                           |
| Realised loss   | ( 91,135)                  | ( 220,748)                |
| Unrealised (loss)/gain  | <u>( 2,051,512)</u>        | <u>1,121,813</u>          |
| Net (loss)/gain   | <u><u>( 2,142,647)</u></u> | <u><u>901,065</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 2016 and 31 December 2015.

| At 31 December 2016  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>HK\$ | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$ | Total<br>HK\$      |
|--|--|--|--|--------------------|
| <u>Financial assets at fair value</u><br><u>through profit or loss</u><br><u>– held for trading:</u> |  |  |  |                    |
| Quoted debt securities   | -  | 166,397,747  | -  | 166,397,747        |
| Unquoted debt securities   | -  | -  | 1,002,500  | 1,002,500          |
|  | <u>-</u>   | <u>166,397,747</u>                                       | <u>1,002,500</u>   | <u>167,400,247</u> |
| At 31 December 2015  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>HK\$ | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$ | Total<br>HK\$      |
| <u>Financial assets at fair value</u><br><u>through profit or loss</u><br><u>– held for trading:</u> |  |  |  |                    |
| Quoted debt securities   | -  | 106,172,981  | -  | 106,172,981        |
| Unquoted debt securities   | -  | -  | 1,002,500  | 1,002,500          |
|  | <u>-</u>   | <u>106,172,981</u>                                       | <u>1,002,500</u>   | <u>107,175,481</u> |

There are no transfers of fair value measurements between levels during the year ended 31 December 2016 (2015: nil).

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.

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

Unquoted debt securities

The Sub-Fund invests in illiquid unquoted corporate 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.

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 year.

Quantitative information of significant unobservable inputs – Level 3

| Description  | HK\$      | Valuation technique  | Unobservable input | Sensitivity used* | Effect on net assets attributable to unitholders HK\$ |
|--|-----------|----------------------|--------------------|-------------------|---|
| At 31 December 2016  |           |                      |                    |                   |   |
| Unquoted debt securities<br>- <i>Melco Finance Ltd.</i><br>4.15% Q 05 Mar 2018 ("Melco Finance") | 1,002,500 | Discounted cash flow | Yield (3.99%)      | +/-5              | -/+600  |
| At 31 December 2015  |           |                      |                    |                   |   |
| Unquoted debt securities<br>- <i>Melco Finance Ltd.</i><br>4.15% Q 05 Mar 2018 ("Melco Finance") | 1,002,500 | Discounted cash flow | Yield (4.09%)      | +/-5              | -/+600  |

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

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 for the year ended 31 December 2016 and 31 December 2015.

|   | Financial assets<br>at fair value<br>through profit or loss<br>debt securities<br>2016<br>HK\$ | Financial assets<br>at fair value<br>through profit or loss<br>debt securities<br>2015<br>HK\$ |
|---|--|--|
| At 1 January  | 1,002,500  | 1,002,500  |
| At 31 December  | <u>1,002,500</u>   | <u>1,002,500</u>   |
| Total gains and losses for the year<br>included in profit or loss for assets<br>held at the end of reporting period | <u>-</u>   | <u>-</u>   |

9. CASH AND CASH EQUIVALENTS

|               | 2016<br>HK\$      | 2015<br>HK\$      |
|---------------|-------------------|-------------------|
| Bank balance  | 16,823,726        | 17,186,348        |
| Time deposits | <u>20,003,781</u> | <u>-</u>          |
|               | <u>36,827,507</u> | <u>17,186,348</u> |

The bank balance is the cash at bank held with the Custodian of the Sub-Fund that was placed into accounts bearing floating interest.

During the year, the Sub-Fund has placed time deposits with China Minsheng Bank at a fixed rate with maturity date on January 2017. The carrying amount of the cash at bank approximates to their fair value.

Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Sub-Fund, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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10. NUMBER OF UNITS IN ISSUE

The following is the subscription of units of the Sub-Fund during the year:

|   | Number of Class A<br>(HKD) units | Number of Class I<br>(HKD) units | Number of Class I<br>(USD) units |
|---|----------------------------------|----------------------------------|----------------------------------|
| At 1 January 2015                         | -                                | 5,205,218.669                    | -                                |
| Subscription of units                     | <u>5,066,879.558</u>             | <u>2,026,338.095</u>             | <u>-</u>                         |
| At 31 December 2015 and<br>1 January 2016 | 5,066,879.558                    | 7,231,556.764                    | -                                |
| Subscription of units                     | 4,204,433.631                    | 8,481,412.988                    | 2,000,934.100                    |
| Redemption of units                       | <u>(6,188,253.673)</u>           | <u>-</u>                         | <u>-</u>                         |
| At 31 December 2016                       | <u>3,083,059.516</u>             | <u>15,712,969.752</u>            | <u>2,000,934.100</u>             |

11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The Sub-Fund initially had only one class of redeemable shares (Class I) outstanding which met the conditions to be classified as equity. During the year ended 31 December 2015, following the issuance of Class A units which are subject to different fee structures, the Sub-Fund concluded that the condition that the financial instruments have identical features was no longer met under HKAS32. Therefore, the Sub-Fund has prospectively reclassified the redeemable units as financial liabilities. The amount reclassified was the entire equity balance which was determined to be the fair value of the liability to unitholders at the date of the reclassification.

For the year ended 31 December 2016 and 31 December 2015, Class A units and Class I units were in issue.

12. 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.



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

Risk management (continued)

***Market risk*** (continued)

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.

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 2.7 (2015: 2.7).

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

Risk management (continued)

**Market risk** (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the year 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 year, 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 2016

|                          | Financial<br>assets at fair<br>value through<br>profit or loss<br>HK\$ | Change in<br>basis<br>points | Sensitivity of<br>changes in fair value<br>of investments<br>increase/(decrease)<br>HK\$ |
|--------------------------|--|------------------------------|--|
| Quoted debt securities   | 166,397,747  | +/-50                        | -/+ 2,250,000  |
| Unquoted debt securities | 1,002,500  | +/-50                        | -/+ 5,000  |

As at 31 December 2015

|                          | Financial<br>assets at fair<br>value through<br>profit or loss<br>HK\$ | Change in<br>basis<br>points | Sensitivity of<br>changes in fair value<br>of investments<br>increase/(decrease)<br>HK\$ |
|--------------------------|--|------------------------------|--|
| Quoted debt securities   | 106,172,981  | +/-50                        | -/+ 1,660,000  |
| Unquoted debt securities | 1,002,500  | +/-50                        | -/+ 10,000   |

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 2016 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.

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

Risk management (continued)

*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 Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-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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12. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Liquidity risk (continued)

At 31 December 2016

|   | Less than<br>3 months<br>HK\$ | 3 to 12<br>months<br>HK\$ | Others *           | Total<br>HK\$      |
|---|-------------------------------|---------------------------|--------------------|--------------------|
| <u>Financial assets</u>                               |                               |                           |                    |                    |
| Financial assets at fair value through profit or loss | 167,400,247                   | -                         | -                  | 167,400,247        |
| Cash and bank balances                                | 36,827,507                    | -                         | -                  | 36,827,507         |
| Interest receivable                                   | 1,246,024                     | 210,104                   | -                  | 1,456,128          |
| Financial assets included in other receivables        | <u>37,080</u>                 | <u>-</u>                  | <u>-</u>           | <u>37,080</u>      |
| Total financial assets                                | <u>205,510,858</u>            | <u>210,104</u>            | <u>-</u>           | <u>205,720,962</u> |
|   | Less than<br>3 months<br>HK\$ | 3 to 12<br>months<br>HK\$ | Others *           | Total<br>HK\$      |
| Financial liabilities                                 |                               |                           |                    |                    |
| Management fee payable                                | 88,794                        | -                         | -                  | 88,794             |
| Trustee fee payable                                   | 24,978                        | -                         | -                  | 24,978             |
| Other payables and accruals                           | 1,700                         | -                         | -                  | 1,700              |
| Net assets attributable to unitholders*               | <u>-</u>                      | <u>-</u>                  | <u>205,612,490</u> | <u>205,612,490</u> |
| Total financial liabilities                           | <u>115,472</u>                | <u>-</u>                  | <u>205,612,490</u> | <u>205,727,962</u> |

\* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

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31 December 2016

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

Risk management (continued)

***Liquidity risk*** (continued)

At 31 December 2015

|   | Less than<br>3 months<br>HK\$ | 3 to 12<br>months<br>HK\$ | Others *           | Total<br>HK\$      |
|---|-------------------------------|---------------------------|--------------------|--------------------|
| <u>Financial assets</u>                               |                               |                           |                    |                    |
| Financial assets at fair value through profit or loss | 107,175,481                   | -                         | -                  | 107,175,481        |
| Cash and bank balances                                | 17,186,348                    | -                         | -                  | 17,186,348         |
| Interest receivable                                   | 719,980                       | 312,855                   | -                  | 1,032,835          |
| Financial assets included in other receivables        | 16,520                        | -                         | -                  | 16,520             |
| Total financial assets                                | <u>125,098,329</u>            | <u>312,855</u>            | <u>-</u>           | <u>125,411,184</u> |
|   | Less than<br>3 months<br>HK\$ | 3 to 12<br>months<br>HK\$ | Others *           | Total<br>HK\$      |
| Financial liabilities                                 |                               |                           |                    |                    |
| Management fee payable                                | 54,912                        | -                         | -                  | 54,912             |
| Trustee fee payable                                   | 14,128                        | -                         | -                  | 14,128             |
| Other payables and accruals                           | 1,450                         | -                         | -                  | 1,450              |
| Net assets attributable to unitholders*               | <u>-</u>                      | <u>-</u>                  | <u>125,340,694</u> | <u>125,340,694</u> |
| Total financial liabilities                           | <u>70,490</u>                 | <u>-</u>                  | <u>125,340,694</u> | <u>125,411,184</u> |

\* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

***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.

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

Risk management (continued)

*Credit and counterparty risk* (continued)

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 2016 and 31 December 2015.

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.

13. 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 year ended 31 December 2016 (2015: nil).

14. EVENTS AFTER THE REPORTING PERIOD

- (a) A new sub-fund, CUAM Select US Dollar Bond Fund, was commenced as a separate sub-fund of the Trust on 27 March 2017 with new supplemental deed dated 12 January 2017.
- (b) During the period between the reporting date and the date of authorisation of these financial statements, the Sub-Fund has a total subsequent subscription of HK\$24,300,000 and US\$3,100,000, a total subsequent redemption of HK\$717,123 respectively.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 24 April 2017.

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UNAUDITED INVESTMENT PORTFOLIO

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|  | <b>Holding/<br/>Nominal<br/>value</b> | <b>Fair value<br/>HK\$</b> | <b>% of net<br/>assets</b> |
|--|---------------------------------------|----------------------------|----------------------------|
| <b>Listed/quoted debt securities</b>                             |                                       |                            |                            |
| <i>Bermuda</i>   |                                       |                            |                            |
| Denominated in HK\$  |                                       |                            |                            |
| HAITONG INTL SECURITIES GROUP<br>LTD CB 0% A 25OCT2021           | 10,000,000                            | 10,000,199                 | 4.85%                      |
| <i>British Virgin Islands</i>                                    |                                       |                            |                            |
| Denominated in HK\$  |                                       |                            |                            |
| HLP FINANCE LTD 4.35% S/A 20JAN2021                              | 1,000,000                             | 1,036,598                  | 0.50%                      |
| HLP FINANCE LTD 4.6% S/A 16MAY2024                               | 1,000,000                             | 1,020,416                  | 0.50%                      |
| HYSAN MTN LTD 3.78% Q 31AUG2020                                  | 2,000,000                             | 2,073,360                  | 1.01%                      |
| K WAH INTL FINANCIAL SERVICES<br>LTD 4.35% Q 22JUL2021           | 1,000,000                             | 1,009,047                  | 0.49%                      |
| MELCO FINANCE LTD 4.15% Q<br>05MAR2018                           | 1,000,000                             | 1,002,500                  | 0.49%                      |
| NWD MTN LTD 5.9% S/A 18SEP2023                                   | 4,000,000                             | 4,253,116                  | 2.07%                      |
| TONG JIE LTD CB 0% A 18FEB2018                                   | 6,000,000                             | 6,184,320                  | 3.01%                      |
| Denominated in US\$  |                                       |                            |                            |
| TRILLION CHANCE LTD 8.5% S/A<br>10JAN2019 (CALLED)               | 500,000                               | 4,042,294                  | 1.97%                      |
| <i>Cayman Islands</i>  |                                       |                            |                            |
| Denominated in HK\$  |                                       |                            |                            |
| CHEUNG KONG FINANCE MTN LTD<br>4.35% Q 20JAN2020                 | 1,000,000                             | 1,059,010                  | 0.52%                      |
| HENGAN INTL GROUP CO LTD CB 0% A<br>27JUN2018                    | 4,000,000                             | 4,238,160                  | 2.06%                      |
| KINGSOFT CORP LTD CB 1.25% S/A<br>11APR2019                      | 8,000,000                             | 7,937,200                  | 3.86%                      |
| MTR CORP (CI) 4.95% Q 21OCT2019                                  | 1,000,000                             | 1,065,710                  | 0.52%                      |
| MTR CORP (CI) LTD 1.68% Q 15MAR2017                              | 2,000,000                             | 2,000,020                  | 0.97%                      |
| MTR CORP (CI) LTD 2.25% Q 04DEC2025                              | 2,000,000                             | 1,812,900                  | 0.88%                      |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 2.28% Q 25AUG2026  | 2,000,000                             | 1,923,320                  | 0.94%                      |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 3.25% Q 05DEC2022  | 1,000,000                             | 1,018,100                  | 0.50%                      |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 4.05% Q 24FEB2021  | 2,000,000                             | 2,120,340                  | 1.03%                      |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKETS LTD 4.03% Q 03JUN2019 | 3,000,000                             | 3,140,100                  | 1.53%                      |
| SWIRE PACIFIC MTN FINANCING LTD<br>2.85% Q 18JUL2022             | 2,000,000                             | 1,989,960                  | 0.97%                      |
| SWIRE PACIFIC MTN FINANCING LTD<br>3.35% Q 31JUL2025             | 3,000,000                             | 3,031,890                  | 1.47%                      |

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UNAUDITED INVESTMENT PORTFOLIO (continued)

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|  | Holding/<br>Nominal<br>value | Fair value<br>HK\$ | % of net<br>assets |
|--|------------------------------|--------------------|--------------------|
| <b>Listed/quoted debt securities (continued)</b>           |                              |                    |                    |
| <i>Cayman Islands (continued)</i>                          |                              |                    |                    |
| Denominated in US\$  |                              |                    |                    |
| CENTRAL CHINA REAL ESTATE LTD<br>8.75% S/A 23JAN2021       | 400,000                      | 3,331,006          | 1.62%              |
| CIFI HLDGS GROUP CO LTD 7.75% S/A<br>05JUN2020             | 350,000                      | 2,922,473          | 1.42%              |
| COUNTRY GARDEN HLDGS CO LTD<br>7.875% S/A 27MAY2019 REGS   | 500,000                      | 4,079,396          | 1.98%              |
| GREENTOWN CHINA HLDGS LTD<br>5.875% S/A 11AUG2020          | 500,000                      | 4,059,430          | 1.97%              |
| SHIMAO PROPERTY HLDGS LTD 8.125%<br>S/A 22JAN2021          | 500,000                      | 4,193,726          | 2.04%              |
| <i>Hong Kong</i>   |                              |                    |                    |
| Denominated in HK\$  |                              |                    |                    |
| CITIC LTD 4.35% S/A 25JUL2024                              | 7,000,000                    | 7,524,580          | 3.66%              |
| DAH SING BANK LTD 2.28% Q<br>07NOV2018 FXCD                | 1,000,000                    | 1,002,880          | 0.49%              |
| DBS BANK HONG KONG LTD 3.86% Q<br>20JAN2020 FXCD           | 1,000,000                    | 1,038,870          | 0.51%              |
| DBS BANK HONG KONG LTD 3.98% Q<br>04SEP2018 FXCD           | 1,000,000                    | 1,033,820          | 0.50%              |
| FAR EAST HORIZON LTD 4.35% Q<br>14MAR2020                  | 2,000,000                    | 1,972,966          | 0.96%              |
| HANG SENG BANK LTD 2.25% Q<br>11MAY2020 FXCD               | 2,000,000                    | 1,994,040          | 0.97%              |
| HK GOVT 1.52% S/A 25SEP2018                                | 1,000,000                    | 1,008,740          | 0.49%              |
| HONG KONG AIRPORT AUTHORITY<br>3.85% A 03JUL2019           | 5,000,000                    | 5,233,700          | 2.55%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 0.61% S/A 05FEB2018 | 2,000,000                    | 1,993,380          | 0.97%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 0.91% S/A 05NOV2020 | 3,000,000                    | 2,932,680          | 1.43%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.02% S/A 10APR2017 | 6,000,000                    | 6,004,680          | 2.92%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.06% S/A 05FEB2020 | 2,000,000                    | 1,982,120          | 0.96%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.1% S/A 17JAN2023  | 3,000,000                    | 2,895,510          | 1.41%              |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.47% S/A 20FEB2019 | 2,000,000                    | 2,013,340          | 0.98%              |



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UNAUDITED INVESTMENT PORTFOLIO (continued)

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|  | <b>Holding/<br/>Nominal<br/>value</b> | <b>Fair value<br/>HK\$</b> | <b>% of<br/>net<br/>assets</b> |
|--|---------------------------------------|----------------------------|--------------------------------|
| <b>Listed/quoted debt securities (continued)</b> |                                       |                            |                                |
| <i>Hong Kong (continued)</i>                     |                                       |                            |                                |
| Denominated in HK\$                              |                                       |                            |                                |
| HONG KONG GOVERNMENT BOND                        |                                       |                            |                                |
| PROGRAMME 1.68% S/A 21JAN2026                    | 2,000,000                             | 1,955,500                  | 0.95%                          |
| HONG KONG GOVERNMENT BOND                        |                                       |                            |                                |
| PROGRAMME 2.22% S/A 07AUG2024                    | 6,000,000                             | 6,149,040                  | 2.99%                          |
| HONG KONG GOVERNMENT BOND                        |                                       |                            |                                |
| PROGRAMME 2.46% S/A 04AUG2021                    | 4,000,000                             | 4,145,800                  | 2.02%                          |
| HONG KONG GOVERNMENT BOND                        |                                       |                            |                                |
| PROGRAMME 2.93% S/A 13JAN2020                    | 1,000,000                             | 1,045,490                  | 0.51%                          |
| HONG KONG GOVERNMENT BOND                        |                                       |                            |                                |
| PROGRAMME HKCPI+0% S/A                           |                                       |                            |                                |
| 07AUG2018 (CMU)                                  | 2,000,000                             | 2,042,000                  | 0.99%                          |
| HONG KONG MORTGAGE CORP LTD                      |                                       |                            |                                |
| 1.6% Q 04MAR2020                                 | 5,000,000                             | 4,948,500                  | 2.41%                          |
| HONG KONG SAR GOVERNMENT                         |                                       |                            |                                |
| BOND 5.125% S/A 23JUL2019                        | 6,000,000                             | 6,507,540                  | 3.16%                          |
| KOWLOON-CANTON 3.88% S/A                         |                                       |                            |                                |
| 15JUN2021  | 1,000,000                             | 1,061,470                  | 0.52%                          |
| OCBC WING HANG BANK LTD 2.6% Q                   |                                       |                            |                                |
| 16JUL2018 FXCD                                   | 1,000,000                             | 1,011,900                  | 0.49%                          |
| OCBC WING HANG BANK LTD 3.2% Q                   |                                       |                            |                                |
| 09JUN2021 FXCD                                   | 1,000,000                             | 1,034,710                  | 0.50%                          |
| SWIRE PROPERTIES MTN FINANCING                   |                                       |                            |                                |
| LTD 2.65% Q 03JUN2026                            | 3,000,000                             | 2,929,200                  | 1.42%                          |
| SWIRE PROPERTIES MTN FINANCING                   |                                       |                            |                                |
| LTD 2.8% Q 26MAR2025                             | 2,000,000                             | 1,958,400                  | 0.95%                          |
| WHARF FINANCE LTD 2.65% Q                        |                                       |                            |                                |
| 11JAN2018  | 2,000,000                             | 2,019,240                  | 0.98%                          |
| WHARF FINANCE LTD 3.1% A                         |                                       |                            |                                |
| 03OCT2018  | 3,000,000                             | 3,054,780                  | 1.49%                          |
| WHARF FINANCE LTD 3.9% Q                         |                                       |                            |                                |
| 19JUN2024  | 2,000,000                             | 2,091,240                  | 1.02%                          |
| WHARF FINANCE NO 1 LTD 4.9% Q                    |                                       |                            |                                |
| 21JAN2020  | 1,000,000                             | 1,073,030                  | 0.52%                          |
| WHEELOCK FINANCE LTD 2.7% Q                      |                                       |                            |                                |
| 18JAN2018  | 2,000,000                             | 2,001,064                  | 0.97%                          |
| WHEELOCK FINANCE LTD 4.06% Q                     |                                       |                            |                                |
| 27FEB2021  | 1,000,000                             | 1,021,346                  | 0.50%                          |

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2016

|   | <b>Holding/<br/>Nominal<br/>value</b> | <b>Fair value<br/>HK\$</b> | <b>% of net<br/>assets</b> |
|---|---------------------------------------|----------------------------|----------------------------|
| <b>Listed/quoted debt securities (continued)</b>    |                                       |                            |                            |
| <i>United Arab Emirates</i>                         |                                       |                            |                            |
| Denominated in HK\$                                 |                                       |                            |                            |
| NATIONAL BANK OF ABU DHABI 4.6% Q<br>29JAN2021 FXCD | 2,000,000                             | 2,174,100                  | 1.06%                      |
| TOTAL INVESTMENTS, AT FAIR VALUE                    |                                       | 167,400,247                | 81.42%                     |
| TOTAL INVESTMENTS, AT COST                          |                                       | 168,503,963                |                            |
| <br><b><u>TOTAL NET ASSETS</u></b>                  |                                       |                            |                            |
| Total debt securities                               |                                       | 167,400,247                | 81.42%                     |
| Cash and cash equivalents                           |                                       | 36,827,507                 | 17.91%                     |
| Other net assets                                    |                                       | 1,384,736                  | 0.67%                      |
| Total net assets                                    |                                       | 205,612,490                | 100.00%                    |

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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO

31 December 2016

|                                      | Movement                |            |             |                           |
|--------------------------------------|-------------------------|------------|-------------|---------------------------|
|                                      | At 1<br>January<br>2016 | Additions  | Disposals   | At 31<br>December<br>2016 |
| <b>LISTED/QUOTED DEBT SECURITIES</b> |                         |            |             |                           |
| <i>Bermuda</i>                       |                         |            |             |                           |
| Denominated in HK\$                  |                         |            |             |                           |
| HAITONG INTL SECURITIES GROUP        |                         |            |             |                           |
| LTD CB 0% A 25OCT2021                | -                       | 10,000,000 | -           | 10,000,000                |
| <i>British Virgin Islands</i>        |                         |            |             |                           |
| Denominated in HK\$                  |                         |            |             |                           |
| HLP FINANCE LTD 4.35% S/A            |                         |            |             |                           |
| 20JAN2021                            | 1,000,000               | -          | -           | 1,000,000                 |
| HLP FINANCE LTD 4.6% S/A             |                         |            |             |                           |
| 16MAY2024                            | -                       | 2,000,000  | (1,000,000) | 1,000,000                 |
| HYSAN MTN LTD 3.78% Q 31AUG2020      | -                       | 2,000,000  | -           | 2,000,000                 |
| K WAH INTL FINANCIAL SERVICES        |                         |            |             |                           |
| LTD 4.35% Q 22JUL2021                | 1,000,000               | -          | -           | 1,000,000                 |
| MELCO FINANCE LTD 4.15% Q            |                         |            |             |                           |
| 05MAR2018                            | 1,000,000               | -          | -           | 1,000,000                 |
| NWD MTN LTD 5.5% S/A 28FEB2024       | -                       | 1,000,000  | (1,000,000) | -                         |
| NWD MTN LTD 5.9% S/A 18SEP2023       | 4,000,000               | -          | -           | 4,000,000                 |
| NWD MTN LTD 5.9% S/A 24JAN2024       | -                       | 1,000,000  | (1,000,000) | -                         |
| TONG JIE LTD CB 0% A 18FEB2018       | 6,000,000               | -          | -           | 6,000,000                 |
| Denominated in US\$                  |                         |            |             |                           |
| TRILLION CHANCE LTD 8.5% S/A         |                         |            |             |                           |
| 10JAN2019 (CALLED)                   | -                       | 500,000    | -           | 500,000                   |
| <i>Cayman Islands</i>                |                         |            |             |                           |
| 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                 |
| HENGAN INTL GROUP CO LTD CB 0%       |                         |            |             |                           |
| A 27JUN2018                          | -                       | 6,000,000  | (2,000,000) | 4,000,000                 |
| KINGSOFT CORP LTD CB 1.25% S/A       |                         |            |             |                           |
| 11APR2019                            | 6,000,000               | 4,000,000  | (2,000,000) | 8,000,000                 |
| MTR CORP (CI) 4.95% Q 21OCT2019      | 1,000,000               | -          | -           | 1,000,000                 |

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO (continued)

31 December 2016

|  | Movement                |           |             |                           |
|--|-------------------------|-----------|-------------|---------------------------|
|  | At 1<br>January<br>2016 | Additions | Disposals   | At 31<br>December<br>2016 |
| LISTED/QUOTED DEBT SECURITIES<br>(continued)                     |                         |           |             |                           |
| Cayman Islands (continued)                                       |                         |           |             |                           |
| Denominated in HK\$  |                         |           |             |                           |
| MTR CORP (CI) LTD 1.68% Q<br>15MAR2017                           | -                       | 2,000,000 | -           | 2,000,000                 |
| MTR CORP (CI) LTD 2.15% Q<br>08DEC2016                           | -                       | 1,000,000 | (1,000,000) | -                         |
| MTR CORP (CI) LTD 2.25% Q<br>04DEC2025                           | 2,000,000               | -         | -           | 2,000,000                 |
| SUN HUNG KAI PRO (CAP)4.67% Q<br>09FEB2016                       | 1,500,000               | -         | (1,500,000) | -                         |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 2.28% Q 25AUG2026  | -                       | 2,000,000 | -           | 2,000,000                 |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 3.25% Q 05DEC2022  | -                       | 1,000,000 | -           | 1,000,000                 |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKET LTD 4.05% Q 24FEB2021  | -                       | 2,000,000 | -           | 2,000,000                 |
| SUN HUNG KAI PROPERTIES CAPITAL<br>MARKETS LTD 4.03% Q 03JUN2019 | -                       | 3,000,000 | -           | 3,000,000                 |
| SWIRE PACIFIC MTN FINANCING LTD<br>2.85% Q 18JUL2022             | 4,000,000               | -         | (2,000,000) | 2,000,000                 |
| SWIRE PACIFIC MTN FINANCING LTD<br>3.35% Q 31JUL2025             | -                       | 3,000,000 | -           | 3,000,000                 |
| Denominated in US\$  |                         |           |             |                           |
| CAR INC 6.125% S/A 04FEB2020 REGS                                | -                       | 1,000,000 | (1,000,000) | -                         |
| CENTRAL CHINA REAL ESTATE LTD<br>8.75% S/A 23JAN2021             | 400,000                 | -         | -           | 400,000                   |
| CIFI HLDGS GROUP CO LTD 7.75% S/A<br>05JUN2020                   | -                       | 350,000   | -           | 350,000                   |
| COUNTRY GARDEN HLDGS CO LTD<br>7.875% S/A 27MAY2019 REGS         | 500,000                 | 500,000   | (500,000)   | 500,000                   |
| EVERGRANDE REAL ESTATE GROUP<br>LTD 8.75% S/A 30OCT2018 REGS     | 500,000                 | -         | (500,000)   | -                         |
| GREENTOWN CHINA HLDGS LTD<br>5.875% S/A 11AUG2020                | -                       | 1,000,000 | (500,000)   | 500,000                   |
| KWG PROPERTY HLDG LTD 13.25%<br>S/A 22MAR2017 (CALLED)           | 500,000                 | -         | (500,000)   |                           |

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO (continued)

31 December 2016

|  | Movement                |           |             |                           |
|--|-------------------------|-----------|-------------|---------------------------|
|  | At 1<br>January<br>2016 | Additions | Disposals   | At 31<br>December<br>2016 |
| LISTED/QUOTED DEBT SECURITIES<br>(continued) |                         |           |             |                           |
| Cayman Islands (continued)                   |                         |           |             |                           |
| Denominated in US\$                          |                         |           |             |                           |
| SHIMAO PROPERTY HLDGS LTD                    |                         |           |             |                           |
| 8.125% S/A 22JAN2021                         | -                       | 500,000   | -           | 500,000                   |
| SUNAC CHINA HLDGS LTD 8.75% S/A              |                         |           |             |                           |
| 05DEC2019                                    | -                       | 500,000   | (500,000)   | -                         |
| SUNAC CHINA HLDGS LTD 9.375% S/A             |                         |           |             |                           |
| 05APR2018 (CALLED)                           | -                       | 500,000   | (500,000)   | -                         |
| YUZHOU PROPERTIES CO LTD 8.75%               |                         |           |             |                           |
| S/A 04OCT2018 (CALLED)                       | 445,000                 | -         | (445,000)   | -                         |
| Hong Kong                                    |                         |           |             |                           |
| Denominated in HK\$                          |                         |           |             |                           |
| CITIC LTD 4.35% S/A 25JUL2024                | -                       | 7,000,000 | -           | 7,000,000                 |
| 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                 |
| DBS BANK HONG KONG LTD 3.98% Q               |                         |           |             |                           |
| 04SEP2018 FXCD                               | -                       | 1,000,000 | -           | 1,000,000                 |
| FAR EAST HORIZON LTD 4.35% Q                 |                         |           |             |                           |
| 14MAR2020                                    | 2,000,000               | -         | -           | 2,000,000                 |
| HANG SENG BANK LTD 2.25% Q                   |                         |           |             |                           |
| 11MAY2020 FXCD                               | 5,000,000               | -         | (3,000,000) | 2,000,000                 |
| HK GOVT 1.52% S/A 25SEP2018                  | 1,000,000               | -         | -           | 1,000,000                 |
| HK GOVT 3.78% S/A 06DEC2016                  | 4,000,000               | -         | (4,000,000) | -                         |
| HONG KONG AIRPORT AUTHORITY                  |                         |           |             |                           |
| 3.85% A 03JUL2019                            | 5,000,000               | 1,000,000 | (1,000,000) | 5,000,000                 |
| HONG KONG GOVERNMENT BOND                    |                         |           |             |                           |
| PROGRAMME 0.34% S/A 09MAY2016                | 4,000,000               | -         | (4,000,000) | -                         |
| HONG KONG GOVERNMENT BOND                    |                         |           |             |                           |
| PROGRAMME 0.61% S/A 05FEB2018                | 5,000,000               | 2,000,000 | (5,000,000) | 2,000,000                 |
| HONG KONG GOVERNMENT BOND                    |                         |           |             |                           |
| PROGRAMME 0.91% S/A 05NOV2020                | -                       | 3,000,000 | -           | 3,000,000                 |

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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO (continued)

31 December 2016

|  | Movement                |           |             |                           |
|--|-------------------------|-----------|-------------|---------------------------|
|  | At 1<br>January<br>2016 | Additions | Disposals   | At 31<br>December<br>2016 |
| LISTED/QUOTED DEBT SECURITIES<br>(continued)                           |                         |           |             |                           |
| Hong Kong (continued)  |                         |           |             |                           |
| Denominated in HK\$  |                         |           |             |                           |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 0.97% S/A 08DEC2016             | -                       | 1,000,000 | (1,000,000) | -                         |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.02% S/A 10APR2017             | -                       | 6,000,000 | -           | 6,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.06% S/A 05FEB2020             | 2,000,000               | -         | -           | 2,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.1% S/A 17JAN2023              | 3,000,000               | -         | -           | 3,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.47% S/A 20FEB2019             | -                       | 2,000,000 | -           | 2,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 1.68% S/A 21JAN2026             | -                       | 2,000,000 | -           | 2,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 2.22% S/A 07AUG2024             | 3,000,000               | 5,000,000 | (2,000,000) | 6,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 2.46% S/A 04AUG2021             | 2,000,000               | 2,000,000 | -           | 4,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME 2.93% S/A 13JAN2020             | -                       | 1,000,000 | -           | 1,000,000                 |
| HONG KONG GOVERNMENT BOND<br>PROGRAMME HKCPI+0% S/A<br>07AUG2018 (CMU) | -                       | 2,000,000 | -           | 2,000,000                 |
| HONG KONG MORTGAGE CORP LTD<br>0% A 19SEP2016                          | 1,000,000               | -         | (1,000,000) | -                         |
| HONG KONG MORTGAGE CORP LTD<br>1.6% Q 04MAR2020                        | -                       | 5,000,000 | -           | 5,000,000                 |
| HONG KONG MORTGAGE CORP LTD<br>2% Q 11JAN2016                          | 1,000,000               | -         | (1,000,000) | -                         |
| HONG KONG SAR GOVERNMENT<br>BOND 5.125% S/A 23JUL2019                  | 2,000,000               | 4,000,000 | -           | 6,000,000                 |
| KOWLOON-CANTON 3.88% S/A<br>15JUN2021                                  | 1,000,000               | -         | -           | 1,000,000                 |
| OCBC WING HANG BANK LTD 2.6% Q<br>16JUL2018 FXCD                       | 1,000,000               | -         | -           | 1,000,000                 |
| OCBC WING HANG BANK LTD 3.2% Q<br>09JUN2021 FXCD                       | -                       | 1,000,000 | -           | 1,000,000                 |

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM HONG KONG DOLLAR BOND FUND  
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UNAUDITED MOVEMENT IN INVESTMENT PORTFOLIO (continued)

31 December 2016

|   | Movement                |           |             |                           |
|---|-------------------------|-----------|-------------|---------------------------|
|   | At 1<br>January<br>2016 | Additions | Disposals   | At 31<br>December<br>2016 |
| LISTED/QUOTED DEBT SECURITIES<br>(continued)            |                         |           |             |                           |
| Hong Kong (continued)                                   |                         |           |             |                           |
| Denominated in HK\$                                     |                         |           |             |                           |
| SWIRE PROPERTIES MTN FINANCING<br>LTD 2.65% Q 03JUN2026 | -                       | 3,000,000 | -           | 3,000,000                 |
| SWIRE PROPERTIES MTN FINANCING<br>LTD 2.8% Q 26MAR2025  | 3,000,000               | -         | (1,000,000) | 2,000,000                 |
| WHARF FINANCE LTD 2.65% Q<br>11JAN2018                  | 2,000,000               | -         | -           | 2,000,000                 |
| WHARF FINANCE LTD 3% Q<br>23OCT2018                     | 1,500,000               | -         | (1,500,000) | -                         |
| WHARF FINANCE LTD 3.1% A<br>03OCT2018                   | -                       | 3,000,000 | -           | 3,000,000                 |
| WHARF FINANCE LTD 3.9% Q<br>19JUN2024                   | -                       | 2,000,000 | -           | 2,000,000                 |
| WHARF FINANCE NO 1 LTD 2.9% Q<br>27NOV2018              | 1,000,000               | -         | (1,000,000) | -                         |
| WHARF FINANCE NO 1 LTD 4.9% Q<br>21JAN2020              | -                       | 1,000,000 | -           | 1,000,000                 |
| WHELOCK FINANCE LTD 2.7% Q<br>18JAN2018                 | 2,000,000               | -         | -           | 2,000,000                 |
| WHELOCK FINANCE LTD 4.05% A<br>04MAY2017                | 1,000,000               | -         | (1,000,000) | -                         |
| WHELOCK FINANCE LTD 4.06% Q<br>27FEB2021                | -                       | 1,000,000 | -           | 1,000,000                 |
| United Arab Emirates                                    |                         |           |             |                           |
| Denominated in HK\$                                     |                         |           |             |                           |
| NATIONAL BANK OF ABU DHABI 4.6%<br>Q 29JAN2021 FXCD     | 2,000,000               | -         | -           | 2,000,000                 |

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UNAUDITED PERFORMANCE TABLE

31 December 2016

**1. NET ASSET VALUE**

|                                     | Net asset value<br>per unit |       | Total net asset<br>value |           |
|-------------------------------------|-----------------------------|-------|--------------------------|-----------|
|                                     | HK\$                        | US\$  | HK\$                     | US\$      |
| As at 31 December 2016              |                             |       |                          |           |
| - Class A (HKD) units               | 9.920                       | -     | 30,585,448               | -         |
| - Class I (HKD) units               | 10.157                      | -     | 159,598,924              | -         |
| - Class I (USD) units               | -                           | 0.994 | -                        | 1,989,747 |
| As at 31 December 2015              |                             |       |                          |           |
| - Class A (HKD) units               | 10.069                      | -     | 51,018,279               | -         |
| - Class I (HKD) units               | 10.278                      | -     | 74,322,415               | -         |
| - Class I (USD) units               | -                           | -     | -                        | -         |
| As at 31 December 2014 <sup>1</sup> |                             |       |                          |           |
| - Class A (HKD) units               | -                           | -     | -                        | -         |
| - Class I (HKD) units               | 10.046                      | -     | 52,289,172               | -         |
| - Class I (USD) units               | -                           | -     | -                        | -         |

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

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

|   | Highest<br>subscription<br>unit price |       | Lowest<br>redemption<br>unit price |       |
|---|---------------------------------------|-------|------------------------------------|-------|
|   | HK\$                                  | US\$  | HK\$                               | US\$  |
| For the year ended 31 December 2016   |                                       |       |                                    |       |
| - Class A (HKD) units   | 10.237                                | -     | 9.898                              | -     |
| - Class I (HKD) units   | 10.461                                | -     | 10.134                             | -     |
| - Class I (USD) units   | -                                     | 1.000 | -                                  | 0.991 |
| For the year ended 31 December 2015   |                                       |       |                                    |       |
| - Class A (HKD) units   | 10.161                                | -     | 9.943                              | -     |
| - Class I (HKD) units   | 10.365                                | -     | 9.988                              | -     |
| - Class I (USD) units   | -                                     | -     | -                                  | -     |
| For the period from 2 September 2013<br>(date of inception) to 31 December 2014 |                                       |       |                                    |       |
| - Class A (HKD) units   | -                                     | -     | -                                  | -     |
| - Class I (HKD) units   | 10.348                                | -     | 9.941                              | -     |
| - Class I (USD) units   | -                                     | -     | -                                  | -     |