**PRODUCT KEY FACTS STATEMENT**
**China Southern Dragon Dynamic Fund – China New Balance Opportunity Fund**
**30 April 2019**

**Issuer:** CSOP Asset Management Limited

- ***This statement provides you with key information about China Southern Dragon Dynamic Fund – China New Balance Opportunity Fund (the "Sub-Fund").***
- ***This statement is a part of the offering document.***
- ***You should not invest in the Sub-Fund based on this statement alone.***

**Quick facts**

**Management company** : Lemanik Asset Management S.A.
**Investment manager** : CSOP Asset Management Limited (Hong Kong, external delegation)
**Custodian** : Citibank Europe plc, Luxembourg Branch
**Ongoing charges over a year** :

| | Ongoing charges (without performance fee) | Ongoing charges (with performance fee)* |
|---|---|---|
| **Class A - Acc (USD)** | 2.49%^ | N/A |
| **Class A - Dis (USD)** | 2.49%^ | N/A |
| **Class A - Acc (HKD)** | 2.49%^ | N/A |
| **Class A - Dis (HKD)** | 2.48%^ | N/A |
| **Class I - Acc (USD)** | 1.44%^ | 1.44% |
| **Class I - Dis (USD)** | 1.45%^ | 1.45% |
| **Class I - Acc (HKD)** | 1.38%^ | 1.38% |
| **Class I - Dis (HKD)** | 1.45% ^ | 1.45% |
| **Class Z - Acc (USD)** | 1.44%# | 1.44%# |
| **Class Z - Acc (HKD)** | 1.38%# | 1.38%# |

^ The ongoing charges figure is based on expenses for the year ended 31 December 2018. This figure may vary from year to year.

# There is no ongoing charges in respect of Class Z – Acc (USD) and Class Z - Acc (HKD) as no Shares have been issued under these Share Classes. These are best estimate of the ongoing charges for Class Z – Acc (USD) and Class Z - Acc (HKD) by making reference to other unit classes with similar fee structure at a similar fund size.

*The performance fee to be paid as at year end may vary subject to the market conditions.

**Dealing frequency** : Daily on every Luxembourg business day

**Base currency** : US Dollar

**Dividend policy** : **Accumulation Shares (Class A – Acc, Class I – Acc and Class Z - Acc):** No dividend will be declared or distributed, and any income in relation to Accumulation Shares will be accumulated and automatically reinvested.

: **Distribution Shares (Class A - Dis & Class I - Dis):**

- Distribution Shares of the Sub-Fund will endeavor to distribute all or part of its total net income (as defined in the Hong Kong Prospectus), if any, on a yearly basis. The Board of Directors may, at its discretion, decide to pay interim dividends on a more frequent

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basis (e.g. quarterly or semi-annually).

- The dividends distributed by the Distribution Shares may be paid out of or effectively out of its capital

**Financial year end of the Sub-Fund:** 31 December

| | | |
|---|---|---|
| **Minimum investment:** | **Class A - Acc (USD) & Class A - Dis (USD) :** | US$ 5,000 initial,<br>US$ 100 additional |
| | **Class I - Acc (USD) & Class I - Dis (USD) :** | US$ 1,000,000 initial,<br>US$ 250,000 additional |
| | **Class A - Acc (HKD) & Class A - Dis (HKD) :** | HK$ 40,000 initial,<br>HK$ 800 additional |
| | **Class I - Acc (HKD) & Class I - Dis (HKD):** | HK$ 8,000,000 initial,<br>HK$ 2,000,000 additional |
| | **Class Z - Acc (USD)** | US$ 1,000,000 initial,<br>US$ 250,000 additional |
| | **Class Z - Acc (HKD)** | HK$ 8,000,000 initial,<br>HK$ 2,000,000 additional |

**What is this product?**

The Sub-Fund is a sub-fund of the China Southern Dragon Dynamic Fund (the "**SICAV**"), which is an open-ended investment company domiciled in Luxembourg. Its home regulator is Commission de Surveillance du Secteur Financier ("**CSSF**").

**Objectives and Investment Strategy**

**Objective**

The objective of this Sub-Fund is to achieve medium to long-term capital appreciation by participating in the economic growth in Mainland China, Hong Kong, Macau and Taiwan (collectively "**Greater China**").

**Investment Strategy**

The Sub-Fund will seek to invest primarily (directly or indirectly) in equity securities, which are listed, quoted or traded on the other regulated markets as defined by CSSF from time to time in Hong Kong, the Mainland China, Singapore, the United States or any other regulated markets and that are issued by: (i) companies incorporated in Greater China; (ii) companies that derive most of their revenue from, or have most of their operating assets located in, Greater China; and/or (iii) companies incorporated outside Greater China but which are deemed by the Investment Manager to have substantial exposure to Greater China. Companies that the Sub-Fund may invest may include small cap companies provided the companies meet the above criteria.

Indirect exposure to the above mentioned securities will be achieved, among others, by investing in an undertaking for collective investment in transferable securities established pursuant to UCITS Directive ("**UCITS**") and/or other undertaking for collective investments ("**UCIs**") in which it may invest in aggregate up to 10% of its net assets. For the purpose hereof, other UCIs include but are not limited to

RQFII funds authorised by the SFC.

The Sub-Fund may also seek direct exposure to China A Shares via the securities trading and clearing linked program with an aim to achieve mutual stock market access between Mainland China and Hong Kong (the "**Stock Connect**").

RQFII means a Renminbi qualified foreign institutional investor approved pursuant to the relevant Mainland China's regulations (as amended from time to time).

In addition, the Sub-Fund may invest on an ancillary basis in bonds and other debt securities, with fixed or floating rates, denominated in HKD, listed, quoted or traded on the other regulated market as defined by CSSF in Hong Kong and issued by governments, government agencies, supra-national and corporate issuers worldwide. The types of debt securities in which the Sub-Fund may invest are government bonds, corporate bonds, floating rate notes, commercial papers and certificates of deposit. For the avoidance of doubt, the Sub-Fund will not invest in debt securities which are listed, quoted or traded in Mainland China. Also, the Sub-Fund will not invest in debt securities which are below investment grade or unrated, and will not invest in structured products such as asset backed securities (including asset backed commercial papers).

The Sub-Fund may use derivative instruments for hedging purposes. In particular, for the purpose of risk hedging and risk management, the Sub-Fund may use stock index futures which are economically appropriate to the reduction of risks or costs or to improve investment performance subject to any such transactions complying with the overall investment restrictions of the Sub-Fund. However, derivative instruments will not be used extensively or primarily for investment purposes.

The Sub-Fund may enter into Securities Lending transactions for up to 50% of the net asset value in order to generate capital or additional income and to reduce costs or risk.

The Sub-Fund may invest directly or indirectly in securities, including debt securities, listed on Taiwan Stock Exchange through the use of OTC derivative, including equity swaps.

The Sub-Fund does not intend to engage in reverse repurchase / repurchase agreements or other similar OTC transactions.

The Sub-Fund may hold cash.

The investment process employed for the Sub-Fund will be disciplined and systematic, combining macroeconomic ("top-down") analysis and fundamental security selection ("bottom up"), with more focus on the latter.

**Use of derivatives / investment in derivatives**

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

**What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk**

**factors.**

**Investment risk**

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. The Sub-Fund's investment portfolio may fall in value and you may lose a substantial proportion or all of your investment in the Sub-Fund.

**Equity Investment Risk**

- The Sub-Fund invests in equities, which are subject to normal market fluctuations and other risks inherent in investing in equities. Also, potential illiquidity and volatility may have an adverse impact on the prices of the equity securities the Sub-Fund may invest. You should not make investment decisions based on past performance of the Sub-Fund or any particular market, as past performance is not a guide to future performance.

**Concentration risk / Mainland China market risk**

- The Sub-Fund's investment is concentrated in Greater China. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland China market.

**Risks linked to investments listed in Hong Kong**

- Where the Sub-Fund invests in securities listed in Hong Kong, such investments may involve substantial market, volatility, regulatory and political risks. Investors may suffer substantial loss of their investments in the Sub-Fund.

**RMB currency and foreign exchange risk**

- RMB is not a freely convertible currency and it is subject to exchange control policies and restrictions. Currency conversion is also subject to availability of RMB at the relevant time.
- There can be no assurance that RMB will not depreciate. Any devaluation of RMB could adversely affect the value of investors' investments.
- In calculating the value of RMB denominated investments, the exchange rate for CNH may be used. The CNH rate may differ from the exchange rate of CNY, the onshore RMB. The value of the RMB denominated investments by the Sub-Fund will be subject to fluctuation. Also, because the Shares are denominated in either HKD or USD, where some of the assets of the Sub-Fund are denominated in RMB, Shareholders will be exposed to movements of the exchange rate between the currency of the class of Shares they invest in and RMB.

**Risks linked to investments in debt securities**

- Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk and valuation risk).
- The value of any fixed income securities is driven significantly by changes in interest rates. When interest rates rise, one may expect the value of fixed income instrument would fall, whereas if interest rates fall, then the value of the fixed income instrument would normally increase.
- Ratings assigned by a rating agency to a debt security are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates.
- Debt securities may be subject to the risk of being downgraded. In the event of downgrading in the

credit rating of a debt security or issuer relating to a debt security, the Sub-Fund's investment value in such security may be adversely affected.

**Dividends paid out of or effectively out of capital**

- In respect of the Distribution Shares of the Sub-Fund, the dividends may be paid out of or effectively out of its capital (i.e. dividends are paid out of gross income while all or part of the fees and expenses attributable to the Distribution Shares are paid out of the capital of such shares, resulting in an increase in distributable income for the payment of dividends by the Distribution Shares and therefore, the Sub-Fund may effectively pay dividend paid out of capital). This amounts to a return or withdrawal of part of a Shareholder's original investment in the Distribution Shares or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the capital of the Distribution Shares may result in an immediate reduction of its net asset value per share.

**Risks of investing in smaller companies**

- Investment in smaller companies may involve greater risks and thus may be considered speculative. Many small company stocks trade less frequently and in smaller volumes than stocks of larger companies. The securities of small companies may also be more vulnerable to adverse developments and may be more volatile due to less market interest and less publicly available issuer information than securities in large companies.

**Performance fee risk**

- The Investment Manager may receive a performance fee based on the appreciation in the Sub-Fund's net asset value per share and accordingly the performance fee will increase with regard to unrealised appreciation and be paid on unrealised gains, which may subsequently never be realised.
- Given there is no equalization arrangement for the calculation of the performance fee, a redeeming shareholder may incur a performance fee notwithstanding the shareholder may have suffered a loss in the investment in the Shares.
- The performance fee may create an incentive for the Investment Manager to make investments for the Sub-Fund, which are riskier than would be the case in the absence of a fee based on the performance of the Sub-Fund. Because the investment decisions of the Investment Manager apply to the Sub-Fund as a whole, such decisions will also affect the risk profile of the investors holding Class A Shares, even though performance fee applies to Class I Shares and Class Z Shares.

**Derivative risk**

- The Sub-Fund may use derivative instruments for hedging or efficient portfolio management purposes. The use of derivative instruments for these purposes may become ineffective and/or cause the Sub-Fund to suffer significant losses.

**The Stock Connect Risks**

- The Stock Connect is subject to quota limitations.
- The Sub-Fund can trade certain eligible stocks that are listed on the SSE and SZSE through the Stock Connect.
- It is contemplated that SEHK, SSE and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary.
- The securities regimes and legal systems of the Hong Kong and Shanghai/Shenzhen markets differ significantly. Market participants may need to address issues arising from the differences on an on-going basis.

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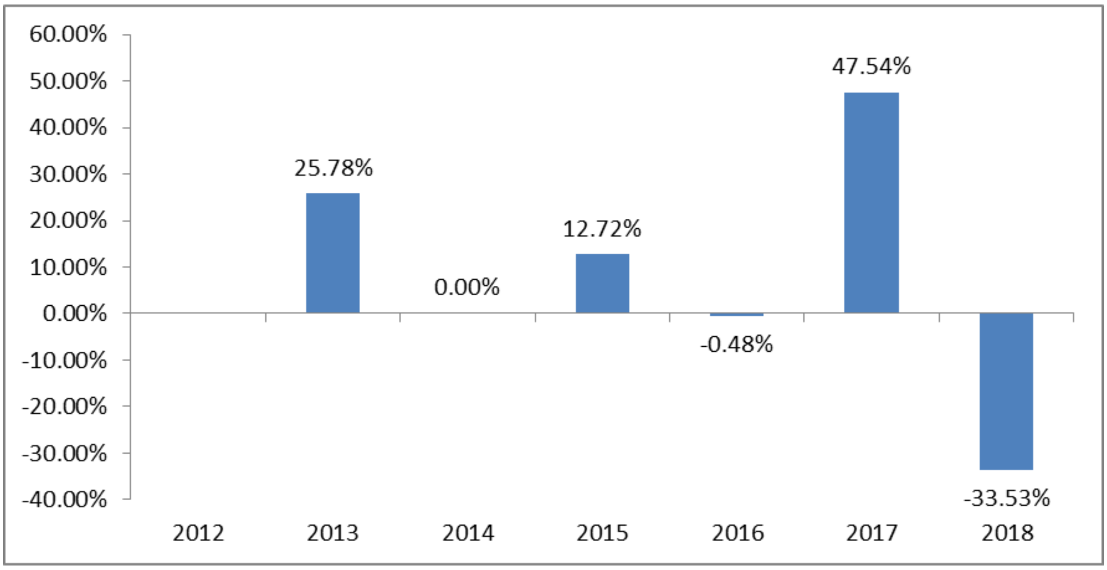
- The Sub-Fund's investments through Northbound trading under Stock Connect is not covered by the Hong Kong's Investor Compensation Fund. Therefore the Sub-Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the program.
- The Stock Connect is novel in nature, and the related regulations/rules are untested. There is no certainty as to how they will be applied, and they may change from time to time.

**Risks relating to Securities Lending transactions**

- Securities Lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

**How has the Sub-Fund performed?**




- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class A (USD)* increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 24 January 2011
- Share Class A (USD)* launch date: 5 December 2012

*The reason for selecting Class A (USD) Accumulative as a representative class is because this class is available to Hong Kong retail investors and USD is the base currency of this Sub-Fund.

**Is there any guarantee?**

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

**What are the fees and charges?**

You will be given not less than one month's prior notice should there be increase in any of the following fees and charges from the current level up to the specified maximum level. Please refer to the section "Fees and Expenses" of the Hong Kong Prospectus for details of the maximum level (if applicable) of the following fees and charges.

**Charges which may be payable by you**
You may have to pay the following fees when dealing in the Sub-Fund. Such fees will be charged on the same basis for both Class A and Class I shares.

| **Fee** | **What you pay** |
|---|---|
| **Preliminary charge (subscription fee)** | Class A, Class I, and Class Z: up to 5% of the aggregate net asset value per share |
| **Conversion fee (switching fee)** | N/A |
| **Redemption fee** | Class A, Class I, and Class Z: Nil. |
| **Dilution levy** (applicable when, for example, the Sub-Fund experiences large level of net subscriptions or net redemptions relative to its size) | Class A, Class I, and Class Z: Up to 1.5% of the net asset value per share. |

**Ongoing fees payable by the Sub-Fund**

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

| | | |
|---|---|---|
| **Investment Management fee**[1] | Class I | : 1.00% p.a. of the NAV of the assets attributable to Class I Shares |
| | Class A | : 2.00% p.a. of the NAV of the assets attributable to Class A Shares |
| | Class Z | : 1.00% p.a. of the NAV of the assets attributable to Class Z Shares |
| **Management Company fee**[2] | Up to 0.05 % p.a. of the Sub-Fund's net asset value, subject to an annual minimum fee of EUR 20,000 applicable at the level of the SICAV. | |

**Performance fee**

- For Class I Shares
- 20% x Outperformance per Share (as defined below) x number of Shares outstanding as at the last valuation day of the performance period, where:
  - "Outperformance per Share" = [Percentage Increase - Hurdle Rate] x High Water Mark

[1] Fees payable to Investment Manager, i.e. CSOP Asset Management Limited.

[2] Fees payable to Management Company, i.e. Lemanik Asset Management S.A.

- Percentage Increase = [($NAV_1$ - High Water Mark) / High Water Mark] x 100%
- $NAV_1$ means the net asset value per Share (after any and all fees and expenses but before any provision for any performance fee previously accrued) as at the relevant valuation day of a performance period
- "High Water Mark" was initially set at USD 100 per Share. Where a performance fee is payable in respect of a performance period, the net asset value per Share (less any and all fees and expenses and performance fee accrued) as at the last valuation day of that performance period will be set as the High Water Mark for the next performance period.
- "Hurdle Rate" means the product of 8% of [T/365], where "T" as at a valuation day means the number of calendar day(s) (including that valuation day) of a performance period passed in that performance period. The pre-set annual Hurdle Rate is 8%.

- Performance fee will be accrued daily, and calculated according to the following formula:
  - 20% x [Percentage Increase - Hurdle Rate] x High Water Mark x number of Shares of the relevant Class outstanding as at that valuation day

- If, as at the relevant Valuation Day, the Percentage Increase exceeds the Hurdle Rate, then any and all Daily Accrual of Performance Fee previously made during the relevant Performance Period will be reversed and a Daily Accrual of Performance Fee will be accrued (and deducted from the calculation of the Net Asset Value per Share of that Class) in respect of the period from the beginning of the relevant Performance Period up to (and including) that Valuation Day.

- If as at the relevant Valuation Day, in respect of a Class of Shares, the Percentage Increase does not exceed the Hurdle Rate, then any and all Daily Accrual of Performance Fee previously made during the relevant Performance Period will be reversed and no Performance Fee shall be accrued in respect of the period from the beginning of the relevant Performance Period up to (and including) that Valuation Day.

- Performance fee will be payable at the end of a performance period only if the Percentage Increase as at the last valuation day of the performance period exceeds the pre-set annual Hurdle Rate.

- The first performance period ended on the last valuation day in 2011. Each subsequent performance period will commence on 1 January of a year and end on the last valuation day of that year.

- For details and illustrative examples of the performance fee calculation,P please refer to section "11. Performance Fee" in the Supplement to the

Hong Kong Prospectus for the calculation method of the performance fee, and its daily accrual mechanism.

- For Class Z Shares

- 15% x Outperformance per Share (as defined below) x number of Shares outstanding as at the last valuation day of the performance period, where:
    - "Outperformance per Share" = Percentage x High Water Mark
    - Percentage Increase = [($NAV_1$ - High Water Mark) / High Water Mark] x 100%
    - $NAV_1$ means the net asset value per Share (after any and all fees and expenses but before any provision for any performance fee previously accrued) as at the relevant valuation day of a performance period
    - "High Water Mark" was initially set at USD 100 per Share. Where a performance fee is payable in respect of a performance period, the net asset value per Share (less any and all fees and expenses and performance fee accrued) as at the last valuation day of that performance period will be set as the High Water Mark for the next performance period.

- Performance fee will be accrued daily, and calculated according to the following formula:
    - 15% x Percentage Increase x High Water Mark x number of Shares of the relevant Class outstanding as at that valuation day

- If, as at the relevant Valuation Day, there has been a Percentage Increase with respect to Net Asset Value per Share, then any and all Daily Accrual of Performance Fee previously made during the relevant Performance Period will be reversed and a Daily Accrual of Performance Fee will be accrued (and deducted from the calculation of the Net Asset Value per Share of that Class) in respect of the period from the beginning of the relevant Performance Period up to (and including) that Valuation Day.

- If as at the relevant Valuation Day, there has not been a Percentage Increase with respect to Net Asset Value per Share, then any and all Daily Accrual of Performance Fee previously made during the relevant Performance Period will be reversed and no Performance Fee shall be accrued in respect of the period from the beginning of the relevant Performance Period up to (and including) that Valuation Day.

- Performance fee will be payable at the end of a performance period only if the Percentage Increase as at the last valuation day of the performance period is positive.

- The first performance period ended on the last valuation day in 2017. Each subsequent performance period will commence on 1 January of a year and end on the last valuation day of that year.

| | |
|---|---|
| | • For details and illustrative examples of the performance fee calculation, please refer to section "11. Performance Fee" in the Supplement to the Hong Kong Prospectus. |
| **Depositary's (Custodian's) and Administrator's fees** | Up to 0.5% p.a. of the Sub-Fund's net asset value, subject to a minimum of USD35,000 per annum. |
| **Directors' fees** | Up to USD 15,000 per annum for each director of the SICAV. |

**Other fees**

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

**Additional Information**

- You generally buy and redeem shares at the Sub-Fund's next determined net asset value after the Investment Manager (being the Hong Kong Distributor and Hong Kong Representative) or the relevant distributor receives your request in good order at or before 4:00 pm Hong Kong time (the "**Cut-Off time**") on a business day[#] (the "**Dealing Day**"), being the dealing cut-off time. Submission of applications via distributors may be subject to a cut-off time earlier than the Cut-Off time. Similarly, the Hong Kong Distributor (which is also the Hong Kong Representative) may change the Cut-Off time to such other time. You should therefore check with the relevant distributor(s) or the Hong Kong Distributor (which is also the Hong Kong Representative) (as the case may be) on the timing and procedures for submission of any applications.
- The payment of the subscription monies must be received by wire transfer in cleared funds by the Administrator on the second Dealing Day by 4:00 pm Hong Kong time after the relevant Dealing Day on which the applications were received.
- The net asset value per share of the Sub-Fund is calculated and the price of units published on each business day. Such information is available on the website of the Investment Manager (which is also the Hong Kong Representative) at (http://www.csopasset.com)*.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors by referring to the website of the Investment Manager (which is also the Hong Kong Representative) at (http://www.csopasset.com)*.
- Investors may obtain information on the Sub-Fund by referring to the website of the Investment Manager (which is also the Hong Kong Representative) at (http://www.csopasset.com)*.

*[#] Business day is any day when the banks are fully open in Luxembourg, in the PRC and in the Hong Kong S.A.R. and/or such other place or places and such other day or days as the Directors may determine and notify to Shareholders in advance and as shall be specified in the relevant Supplement for that Sub-Fund.*

**Please note that the website of the Investment Manager (which is also the Hong Kong Representative) has not been reviewed by the SFC.*

**Important**

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

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