

# J.P.Morgan

## Asset Management

Addendum dated 8 December 2008 to the Summary of Explanatory Memoranda dated 6 May 2005 of each of the following respective funds, as amended from time to time:

- JF SAR American Fund
  - JF SAR Asian Fund
  - JF SAR European Fund
  - JF SAR Global Bond Fund
  - JF SAR HK\$ Bond Fund
  - JF SAR Hong Kong Fund
  - JF SAR Japan Fund
- (Each a “Summary of Explanatory Memorandum”)

This Addendum should be read in conjunction with and forms part of each Summary of Explanatory Memorandum, as applicable.

The following changes shall apply with immediate effect:

Changes to each Summary of Explanatory Memorandum:

- All references to “JF Funds Limited” shall be replaced by “JPMorgan Funds (Asia) Limited (previously known as “JF Funds Limited)”.
- The sub-section entitled “Solicitors” under the section “MANAGEMENT AND ADMINISTRATION” shall be deleted in its entirety.

Change to the Summary of Explanatory Memorandum of the JF SAR American Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR American Fund	JF SAR American

”

Change to the Summary of Explanatory Memorandum of the JF SAR Asian Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR Asian Fund	JF SAR Asian

”

Change to the Summary of Explanatory Memorandum of the JF SAR European Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR European Fund	JF SAR European

”

Change to the Summary of Explanatory Memorandum of the JF SAR Global Bond Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR Global Bond Fund	JF SAR Global Bond

”

Change to the Summary of Explanatory Memorandum of the JF SAR HK\$ Bond Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR HK\$ Bond Fund	JF SAR HK\$ Bond

”

Change to the Summary of Explanatory Memorandum of the JF SAR Hong Kong Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR Hong Kong Fund	JF SAR Hong Kong

”

Change to the Summary of Explanatory Memorandum of the JF SAR Japan Fund:

- The following section shall be inserted after the last paragraph under the section entitled “MANAGEMENT AND ADMINISTRATION”:

**“LEGAL AND MARKETING NAMES OF THE TRUST**

Legal Name	Marketing Name
JF SAR Japan Fund	JF SAR Japan

”

Addendum dated 29 May 2008 to each of the following Summary of Explanatory Memoranda of the respective funds and Explanatory Memorandum of the JF SAR Greater China Fund, as amended from time to time:

- the Summary of Explanatory Memorandum of the JF SAR American Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR Asian Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR European Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR Global Bond Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR HK\$ Bond Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR Hong Kong Fund dated 6 May 2005
- the Summary of Explanatory Memorandum of the JF SAR Japan Fund dated 6 May 2005  
(Each a “Summary of Explanatory Memorandum”)
- the Explanatory Memorandum of the JF SAR Greater China Fund dated 12 July 2007  
(“Explanatory Memorandum”)

This Addendum should be read in conjunction with and forms part of each Summary of Explanatory Memorandum or the Explanatory Memorandum, as applicable.

**I. The following change shall apply with immediate effect:**

Change to each Summary of Explanatory of Memorandum and the Explanatory Memorandum:

- The information on the Directors of the Manager under the section entitled “MANAGEMENT AND ADMINISTRATION” shall be deleted in its entirety and replaced by the following:-

“Clive Stuart Brown  
Samuel Fan Wai Choi  
Eddie Chung Shun Fong  
Roger Anthony Hepper  
David Li Ching Hsu  
Lily Suet Lai Lau  
Piers Litherland  
Terry San Kong Pan  
Ken Wai Ming Tam  
Kok Wing To”

**II. The following changes shall apply with effect from and including 19 May 2008:**

Change to each Summary of Explanatory Memorandum:

- All references to “South China Morning Post” in the section entitled “Suspension of Redemptions of Units” and the subsection entitled “Publication of Net Asset Value” under the section entitled “GENERAL” in each Summary of Explanatory Memorandum shall be replaced by “Standard”.

Change to the Explanatory Memorandum:

- Reference to “South China Morning Post” in the subsection entitled “Price Information” under the section entitled “GENERAL” in the Explanatory Memorandum shall be replaced by “Standard”.

## JF SAR Global Bond Fund Summary of Explanatory Memorandum

JF Asset Management Limited (the “Manager”) accepts responsibility for the accuracy of the information contained in this Summary of Explanatory Memorandum as at 6 May 2005.

No action has been taken to permit an offering of units in the JF SAR Global Bond Fund (the “Trust”), or the distribution of this Summary of Explanatory Memorandum, in any jurisdiction where action would be required for such purpose, other than Hong Kong.

**IMPORTANT: If you are in any doubt about the contents of this Summary of Explanatory Memorandum, you should seek independent professional financial advice.**

This is a Summary of the Explanatory Memorandum, to which investors should refer for further details on the Trust.

The JF SAR Global Bond Fund is a unit trust constituted by a Trust Deed dated 16 September, 1998, as amended (the “Trust Deed”), governed by the laws of the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”). The JF SAR Global Bond Fund constitutes one of the unit trusts within the JF Savings & Retirement (“SAR”) range of trusts. The Trust will continue for a period of 80 years from the date of the Trust Deed unless previously terminated in accordance with the Trust Deed. The Trust may be terminated by the Trustee or the Manager in certain circumstances, by Extraordinary Resolution of the unitholders or when the aggregate net asset value of the Trust falls below US\$25,000,000 and a three months’ notice shall be given to the unitholders. The assets held under the Trust will be referred to as “Trust Fund” in this Summary of Explanatory Memorandum.

The Trust has been approved as an approved pooled investment fund by the Mandatory Provident Fund Schemes Authority (the “Authority”) under the Mandatory Provident Fund Schemes (General) Regulation (the “Regulation”) and was authorised as a unit trust by the Securities and Futures Commission (the “SFC”) under the *Securities Ordinance* of Hong Kong and is now deemed to have been authorised as a collective investment scheme under Section 104 of the *Securities and Futures Ordinance* of Hong Kong. The Authority and the SFC do not take any responsibility for the financial soundness of the Trust or the correctness of any statement made or opinion expressed in this Summary of Explanatory Memorandum.

***For the avoidance of doubt, the Trust is not in any way connected with the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (the “Government”). Although the Trust has been authorised by the Authority and the SFC, the Government has not otherwise approved the Trust nor should it otherwise be implied that the Government has in any manner recommended investment in the Trust.***

**The Trust’s portfolio is subject to market fluctuations and to the risks inherent in all investments. Therefore, the subscription and redemption prices of units may go down as well as up.**

## Investment Policy

The investment policy of the Trust is to provide investors with long term capital growth in US dollar terms through a portfolio consisting primarily of international interest bearing securities of developed markets.

Subject to the approval of the Authority and the SFC, the Manager may change the investment policy of the Trust by giving a three months’ notice to the Trustee and the unitholders.

## Risks

The performance of the Trust is subject to a number of risk factors, including the following:

- (i) Political, economic and social risks - All financial markets may at times be adversely affected by changes in political, economic and social conditions.
- (ii) Market risk - The Trust’s investments are subject to the risks inherent in all securities i.e. the value of holdings may fall as well as rise.
- (iii) Interest rates - Interest rates in the countries in which the Trust’s assets will be invested may be subject to fluctuation. Any such fluctuation may have a direct effect on the income received by the Trust and its capital value.
- (iv) Currency risk - The Trust is denominated in US dollars, although it will be principally invested in assets quoted in other currencies. The performance of the Trust will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the US dollar.

Since the Manager aims to maximise returns in US dollar terms, investors whose base currency is **not** the US dollar (or a currency linked to it) may be exposed to additional currency risk.

- (v) Credit risk - If the issuer of any of the securities in which the Trust’s assets are invested defaults, the performance of the Trust will be negatively affected.
- (vi) Hedging - The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result.

**In view of the above, investment in the Trust should be regarded as long term in nature. The Trust is, therefore, only suitable for investors who can afford the risks involved.**

## Investment Restrictions and Guidelines

The assets in the Trust may be invested at the discretion of the Manager subject to the following restrictions and other restrictions, *if any*, imposed by the Authority and the SFC from time to time.

The following investment restrictions and guidelines shall apply to the Trust calculated as at the immediately preceding valuation:-

- (i) The value of the Trust’s holding of securities issued by any single issuer may not exceed 10 per cent. of its total net asset value.
- (ii) The Trust may not hold more than 10 per cent. of any ordinary shares issued by

any single issuer.

- (iii) The value of the Trust's holding of unquoted investments may not exceed 10 per cent. of its total net asset value.
- (iv) Notwithstanding (i) and (ii), up to 30 per cent. of the Trust's total net asset value may be invested in Government and other public securities of the same issue.
- (v) Subject to (iv) and the provisions of Schedule 1 of the Regulation, the Trust may invest all of its assets in Government and other public securities in at least six different issues.
- (vi)
  - (a) The Trust may invest in options and warrants for hedging purposes.
  - (b) In addition to (a) above, the value of the Trust's investment in warrants and options not held for hedging purposes in terms of the total amount of premium paid may not exceed their respective investment limits as stipulated under Schedule 1 of the Regulation.
- (vii) The writing of uncovered options by the Trust is prohibited.
- (viii) The writing of call options on investments is prohibited.
- (ix) The Trust may enter into financial futures contracts for hedging purposes.
- (x) In addition to (ix), if financial futures contracts or financial option contracts are acquired for the purposes of the Trust Fund, the Manager shall ensure that the effective exposure (as defined in Schedule 1 of the Regulation) of the Trust Fund in such contracts does not exceed 10 per cent. of the market value of the Trust Fund.
- (xi) The value of the Trust's holding of units or shares in other collective investment schemes may not in aggregate exceed 10 per cent. of its total net asset value. Such schemes shall comply with Section 8 of Schedule 1 to the Regulation and shall be authorised by the SFC in accordance with the SFC's Code on Unit Trusts and Mutual Funds. In addition, there shall be no increase in the overall total of any costs and charges payable to the Manager or any of its connected persons by the Trust if the Trust invests in other collective investment schemes managed by the Manager or any of its connected persons.
- (xii) The Trust may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies).
- (xiii) No short sale may be made.
- (xiv) Subject to (xix) and (xx) below, the Trust may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.
- (xv) The Trust may not acquire any asset which involves the assumption of any liability which is unlimited.
- (xvi) The Trust may not invest in any security of any class in any company or body if

any director or officer of the Manager individually owns more than 0.5 per cent. of the total nominal amount of all the issued securities of that class or collectively the directors and officers of the Manager own more than 5 per cent. of those securities.

- (xvii) The portfolio of the Trust may not include any security where a call is to be made for any sum unpaid on that security.
- (xviii) Notwithstanding any other provisions contained in this section, the Trust may invest only in the investments permitted under and in accordance with Part V and Schedule 1 of the Regulation and the Manager is required to comply with any guidelines relating to forbidden investment practices issued by the Authority.
- (xix) Borrowing securities for the purposes of the Trust is prohibited. However, the Manager may allow securities held in the Trust to be loaned on such terms as the Trustee may approve only if:
  - (i) the lending is in respect of fully paid up securities listed on a market;
  - (ii) an agreement is entered into by the custodian of the Trust Fund and the borrower of the securities;
  - (iii) the amount of consideration (including the value of any collateral security) given exceeds the value of the securities;
  - (iv) no more than 10 per cent. of the net asset value of the Trust can be the subject of security lending agreements;
  - (v) no more than 50 per cent. of shares of the same issue held in respect of the Trust can be the subject of security lending agreements; and
  - (vi) the relevant guidelines issued by the Authority are complied with.
- (xx) The assets in the Trust should not be applied for the purpose of entering into a repurchase agreement unless the agreement is entered into by the custodian of the Trust and only if (a) the amount of the consideration (including the value of any collateral security) given for the relevant security exceeds the value of the security; and (b) no more than 10 per cent. of the assets of the Trust are the subject of repurchase agreements; (c) no more than 50 per cent. of the securities of the same issue held among the assets of the Trust are the subject of repurchase agreements; and (d) the relevant guidelines issued by the Authority are complied with.

Any securities lending arrangements or repurchase agreements under (xx) and (xxi) will only be entered into with institutions of appropriate financial standing which engage in security lending arrangements or repurchase agreements and which are acceptable to the Trustee. In accordance with normal market practice, borrowers will be required to provide collateral to the Trust of a value of at least 105 per cent. of the market value of any securities loaned. The collateral is to be in a form acceptable to the Trustee. All fees payable by the borrower under these arrangements with the Trust will be for the benefit of the Trust Fund.
- (xxi) The assets in the Trust should not be the subject of a reverse repurchase agreement under which the Trustee agrees to buy a debt security from a person and to resell it to that person at a specified date in the future for an agreed price.

- (xxii) The assets in the Trust should not be applied for the acquisition of financial futures contracts or financial option contracts, unless there is established and maintained in respect of the Trust an effective system for monitoring the risks inherent in dealing in contracts of those kinds.
- (xxiii) The Trust may not invest in the securities of the Trustee, the Manager, or any custodian appointed under the Trust except where any of these parties is a substantial financial institution as defined in the Regulation.

Subject to Part V and Schedule 1 of the Regulation and the above restrictions, the Trust may acquire derivatives such as forward contracts, options, warrants and futures and may, under limited circumstances as considered appropriate by the Manager, hold substantial amounts of cash or cash based instruments in its portfolio.

The Trust may place cash on deposit with the Trustee, the Manager or any of their connected persons provided that such person is permitted to accept deposits and the interest rate paid to the Trust is no lower than an arm's length commercial rate for deposits of the same size and nature as the deposit in question.

Subject to section 4 of Schedule 1 of the Regulation and any other statutory requirements and limitations, the Trustee may borrow up to 10 per cent. of the net asset value of the Trust Fund at the time the borrowing is made. Borrowings may be made only to pay redemption proceeds or settle a transaction relating to the acquisition of investment for the Trust.

#### **Distribution Policy**

Although the Trust Deed provides for the payment of distributions, the Manager does not currently intend to make any distributions of income of the Trust.

#### **Unit Trust Parties**

JF Asset Management Limited, the Manager of the Trust, is incorporated with limited liability under the laws of Hong Kong.

The Trustee, Royal Bank of Canada Trust Company (Asia) Limited, is incorporated with limited liability in Hong Kong. The administrator of the Trust is JF Funds Limited (the "Administrator").

#### **Classes of Units**

The Trust Deed provides for different classes of units to be issued to different categories of investors. Although the assets attributable to each class of units will form one single pool, each class of units will have a different charging structure with the result that the net asset value attributable to each class of units may differ slightly. The two initial classes of units offered are:-

- Class A - Available to collective investment schemes, pension plans, segregated portfolios or other types of investment vehicles to which units of Class B are not made available.
- Class B - Available to any schemes registered under the Regulation for investment purpose only and collective investment schemes which are authorised by the SFC, pension plans, segregated portfolios or other types of investment vehicles where the Manager or its associated party acts as the manager or the investment manager of such scheme, plan, portfolio or vehicle and a management fee or investment management fee is being charged by them.

If at any time the net asset value of assets attributable to a particular class of units falls below US\$25,000,000 or an Extraordinary Resolution is passed sanctioning the cancellation of all units in a particular class, the Manager has the power to cancel all units of that class which are then in issue and to issue units of an equivalent value of a different class in substitution for a unitholder's previous holding.

#### **Subscription Price**

The Trust is denominated in US dollars. Units will normally be issued on every dealing day which will normally be every day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business. If a significant portion of the Trust's assets are invested in any one market and that market is not open for normal trading on any particular day, there will be no dealing of units on that day. The immediately following day on which such market re-opens for normal trading will be a dealing day. In order for units to be issued on any particular dealing day, an application must be received by the Manager not later than 8:30 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. With effect from and including 1 July 2005, in order for units to be issued on any particular dealing day, an application must be received by the Manager not later than 6:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. Applications received after that time will be dealt with on the immediately following dealing day. The Manager has an absolute discretion to accept or reject in whole or in part any application for units. However, the Manager shall not reject any proper and duly completed applications made by a mandatory provident fund scheme which is registered under the *Mandatory Provident Fund Schemes Ordinance* of Hong Kong (the "MPFS Ordinance") and to which the Trust is linked (whether through a feeder fund or portfolio management fund arrangement).

The price at which units will be issued on a dealing day will be calculated by reference to the net asset value per unit of a particular class as at the close of business on that day. The Manager may levy an initial charge of up to 5 per cent. of the subscription monies of each applicant although the Manager does not currently intend to charge any such fee. However, the maximum initial charges that will be levied on the issue of units to the AIA-JF Mandatory Provident Fund Scheme, the Smart MPF Master Trust Scheme, AIA-JF Premium MPF Scheme and AIA-JF Comprehensive Retirement Benefit MPF Scheme (collectively, the "AIA-JF Schemes") shall not exceed 3 per cent. of the subscription monies. The Manager may reduce the initial charge for any unitholders as the Manager may consider appropriate. Only the balance of such subscription monies will be applied in paying the subscription price of the units applied for.

The initial charge will be retained by the Manager for its own absolute use and benefit, and may be reimbursed in whole or part to any agent or intermediary through whom an application is received. The Manager is entitled to charge up to 1 per cent. of net asset value for fiscal and purchase charges (which would be paid to the Trust). The Manager may also reduce the fiscal and purchase charges for any unitholders as the Manager may consider appropriate. However, the Manager does not currently intend to levy such charges in normal circumstances.

Notwithstanding the above, no fiscal and purchase charges will be levied on units issued to the AIA-JF Schemes.

Where a unitholder wishes to subscribe for units by switching from another collective investment scheme managed or whose units are distributed by the Manager or the Administrator, a reduced initial charge of the switched subscription monies may be charged.

The initial charges for the initial two classes of units are as follows:-

Unit Class	Initial charge
A	up to 5%
B	up to 3% (for units issued to the AIA-JF Schemes) up to 5%

The method of establishing the net asset value of the Trust is set out in the Trust Deed. The net asset value per unit is calculated by dividing the value of the assets attributable to that class of units, less its liabilities, by the total number of units of that class in issue at 8:30 p.m. (6:00 p.m. with effect from and including 1 July 2005) Hong Kong time on the immediate preceding dealing day and multiplying the result by the cumulative conversion factor for that class. The cumulative conversion factor for a class of units on a particular dealing day will be equal to the product of the conversion factor (which is a number calculated by such formula as may be adopted by the Manager by reference to established market practice or unit valuation principles) for each dealing day from the dealing day the Trust Fund is first invested up to and including the particular dealing day. In general, quoted investments are valued at their closing price and unquoted investments are valued on each dealing day to ascertain their market value. Interest and other income and liabilities are, where practicable, accrued from day to day. Such valuations will be expressed in US dollars. The Manager may adjust the value of any investment if it considers that such adjustment is required to reflect more accurately the fair market value of the relevant investment.

Market volatility may result in a discrepancy between the latest available subscription and redemption prices for the Trust and the fair value of the Trust's net asset value. Certain investors might exploit this discrepancy. By these investors paying less than the fair value for units on issue, or receiving more than the fair value on redemption, other unitholders may suffer a dilution in the value of their investment. As a safeguard against such exploitation, the Manager may, with the prior consent of the Trustee, adjust the net asset value of the Trust or of a unit, if it considers that such adjustment is required to reflect more accurately the fair value of the net asset value. Such adjustment shall be made in good faith, with the Manager taking into account the best interests of unitholders.

#### Procedure for Application

The minimum subscription in the Trust is US\$2,000 or its equivalent or such lesser amount as the Manager may determine. However, there is no minimum subscription for units issued to mandatory provident fund schemes which are registered under the MPFS Ordinance and to which the Trust is linked (whether through a feeder fund or portfolio management fund arrangement). The Manager has the discretion to allow investments to be made in the future by way of periodic savings plans.

Units may be purchased by completing an Application Form. No application should be lodged with any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the *Securities and Futures Ordinance* of the Laws of Hong Kong or who does not fall within the statutory or other applicable exemption from the requirement to be licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the *Securities and Futures Ordinance*. A contract note will be sent to successful applicants.

The subscription price will be expressed in US dollars. Alternative arrangements can be made for unitholders who wish to subscribe in HK dollars, Japanese yen or sterling. In such cases, the Manager will charge the applicant the costs of conversion into US dollars, which may be at the spot or forward rate on the business day following the dealing day depending on the manner and currency of payment.

Payment should be made by cheque payable to "Royal Bank of Canada Trust Company (Asia) Limited" and crossed "A/C Payee Only, Not Negotiable" and sent to the address as shown at the end of this Summary. Third party cheques and cash are not accepted.

Certificates will not be issued to unitholders.

#### Evidence of Identity

In order to ensure compliance with any guidelines or regulations which may be applicable relating to the prevention of money laundering, applicants will be required to provide evidence of identity and, in the case of corporate applicants, of legal existence and corporate authority. Where an applicant is acting on behalf of another person, evidence of the identity of the principal, or confirmation by the applicant that evidence of the underlying principal has been obtained and that the applicant is satisfied as to the source of funds, will be required. Where an applicant fails to provide such evidence or confirmation on request, the application will be rejected.

#### Redemption Price

Unitholders may redeem their units on any dealing day. In order for units to be redeemed on a particular dealing day, a redemption request must be received by the Manager not later than 8:30 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. With effect from and including 1 July 2005, in order for units to be redeemed on a particular dealing day, a redemption request must be received by the Manager not later than 6:00 p.m. (Hong Kong time) on that dealing day or such other time agreed between the Manager and the Trustee. Redemption requests received after that time will be dealt with on the immediately following dealing day.

The price at which units will be redeemed will be calculated by reference to the net asset value of a unit of the particular class as at the close of business on the particular dealing day. A redemption fee of up to 0.5 per cent. of the net asset value per unit may be deducted although the Manager does not currently intend to charge any such fee. The redemption charge will be retained by the Manager for its absolute use and benefit. The Manager may reduce the redemption charge for any unitholder as the Manager may consider appropriate. The Manager is also entitled to charge up to 1 per cent. of the net asset value for fiscal and sale charges (which would be paid to the Trust). However, the Manager does not currently intend to levy such charges in normal circumstances.

Notwithstanding the above, no fiscal and sale charge will be levied on units redeemed for the AIA-JF Schemes.

The amount due on the redemption of units will normally be paid by cheque, posted at the risk of the unitholder, within 5 business days and in any event not later than one calendar month after the date of actual receipt by the Manager of a duly completed redemption request in a prescribed format and such other information as the Trustee and the Manager may reasonably require. Failure to provide such information may delay the payment of redemption proceeds. No third party payments will be made.

In the event that a unitholder wishes to switch out of the Trust into another collective investment scheme managed or whose units are distributed by the Manager or the Administrator, the switch will be treated as a redemption of units in the Trust and accordingly a redemption fee (if applicable), calculated on the above basis, will be charged. In addition, a reduced initial charge may also be charged by the particular collective investment scheme into which the redemption monies are transferred.

#### Procedure for Redemption

Requests for the redemption of units should state the number of units of a particular class

or an amount in US dollars or other currency to be redeemed. Partial redemptions of holdings are permitted, provided that they do not result in a unitholder holding units of a particular class having an aggregate value of less than US\$2,000 or its equivalent or such lesser amount as the Manager may determine. If a switch or redemption request results in a holding below US\$2,000 or its equivalent or such lesser amount as the Manager may determine, on the relevant dealing day, the Manager may, at its absolute discretion, treat the switch or redemption request as an instruction to redeem or switch, as appropriate, the total holding in that particular class of units. However, no minimum value will be required in respect of mandatory provident fund schemes which are registered under the MPFS Ordinance and to which the Trust is linked (whether through a feeder fund or portfolio management fund arrangement). The redemption price will be expressed in US dollars and payment will normally be made in that currency.

### Suspension of Redemptions of Units

Subject to the prior consent of the Trustee, the Manager may suspend the right of unitholders to redeem their units and/or delay the payment of any redemption moneys where the Manager considers such suspension or delay appropriate in the circumstances, such circumstances to include:

- (i) any market on which a substantial part of the investments in the Trust Fund is traded or capable of being traded being closed otherwise than in the ordinary course; or
- (ii) trading on any such market being restricted or suspended; or
- (iii) disposal of investments in the Trust Fund being unable, in the opinion of the Manager, to be effected reasonably practicably or without prejudicing the interests of unitholders; or
- (iv) any breakdown in any of the means normally employed by the Manager in determining the net asset value of the Trust Fund; or
- (v) the inability, in the opinion of the Manager, to reasonably ascertain the value of any investment or other property in the Trust Fund; or
- (vi) the inability, in the opinion of the Manager, to remit funds which may be involved in the redemption of or payment for investments or the subscription for or redemption of units at reasonable prices or reasonable rates of exchange.

The Manager may also limit the total number of units redeemed on any dealing day to 10 per cent. or more of the current units in issue of any one class on any dealing day.

**Notice of the imposition and ending of any suspension or delay in payment will be given to the unitholders and will be published immediately following the imposition and ending of such suspension and at least once a month during the period of suspension in the South China Morning Post and the Hong Kong Economic Times. The Manager will also immediately notify the Authority and the SFC of such suspension.**

### Fees, Charges and Liabilities

The Manager may levy an initial charge of up to 3 per cent. of the subscription monies (for AIA-JF Schemes) or 5 per cent. of the subscription monies (for other subscriptions) on the issue or sale of units and receive a redemption fee of up to 0.5 per cent. of the net asset value per unit on the cancellation or redemption of units. The Manager reimburses to approved intermediaries, which includes banks, brokers, recognised securities dealers and other investment advisers, a proportion of the commissions, fees, charges

or other benefits received by it based on the value of the relevant business introduced to the Trust. Currently, the Manager does not intend to levy any initial charge or redemption charge.

In addition, the Manager is entitled to receive a management fee for management of the Trust of up to 3.0 per cent. per annum for Class A units and 1.2 per cent. per annum for Class B units, and which may vary depending on the particular class of units. However, the current management fees for the initial two classes of units are as follows:-

Class A	0.8% per annum
Class B	0% per annum

The Manager may only increase the level of its fee (which may not exceed 3 per cent. per annum for Class A units and 1.2 per cent. per annum for Class B units) by giving to the Trustee and unitholders not less than three months' notice.

The management fee shall be paid out of the Trust Fund and shall accrue daily based on the net asset value of the assets attributable to each class of units on each dealing day and is payable monthly in arrears.

The Trustee is entitled to receive a trustee fee of up to 0.3 per cent. per annum. The trustee fee shall accrue daily based on the net asset value of the assets attributable to each class of units on each dealing day and is payable monthly in arrears. The current trustee fee for the initial two classes of units is as follows:-

Class A	0.10% per annum
Class B	0.10% per annum

The Trustee may only increase the level of its fees (which may not exceed 0.3 per cent. per annum) by giving to the unitholders not less than three months' notice.

In addition, the Trust bears certain other costs and expenses, including stamp duties, taxes, brokerage, commissions, foreign exchange costs, bank charges and registration fees relating to the Trust and its investments, the costs of obtaining and maintaining a listing for the units on any stock exchange, the fees and expenses of the Auditors, the Registrar, the custodian(s) of the Trust's investments, the costs of preparing the Trust Deed and any supplemental trust deeds and legal and other professional or expert charges, the costs incurred in convening and holding meetings of unitholders and certain other fees and expenses incurred in the administration of the Trust. However, expenses which are not ordinarily paid from the assets of unit trusts authorised in Hong Kong (including any advertisement and promotional expenses) will not be deducted from the assets of the Trust Fund. The fee paid to the Registrar will vary depending on the number of unitholders in the Trust and the number of transactions which occur, but the range agreed with the Trustee is between 0.015 per cent. and 0.5 per cent. per annum of the Trust's net asset value.

The Manager and any of its connected persons may effect transactions with or provide services to the Trust including the execution of portfolio transactions for or with the Trust (either as agent or, with the approval of the Trustee, as principal). Such persons may receive and retain their normal commissions, charges, fees or other benefits provided they are arm's length commercial rates for transactions or services of a similar size and nature. However, no cash rebates of brokerage or commission may be retained.

The Manager and any of its connected persons may enter into soft commission arrangements with brokers under which certain goods and services are received, provided such goods and services are of demonstrable benefit to unitholders and that execution of the transaction is consistent with best execution standards and the brokerage rates are not in excess of customary institutional full-service brokerage rates.

The liability of the unitholders is limited to the assets comprised in the Trust.

A summary of the fees and charges is set out as follows:

	Class A	Class B
<b>Management Fee</b>		
Current:	0.8% per annum	0% per annum
Maximum:	3% per annum	1.2% per annum
<b>Trustee Fee:</b>		
Current:	0.1% per annum	0.1% per annum
Maximum:	0.3% per annum	0.3% per annum
<b>Initial Charge:</b>		
Current:	0% of issue price	0% of issue price
Maximum:	5% of issue price	3% of issue price (for AIA-JF Schemes) 5% of issue price
<b>Redemption Charge:</b>		
Current:	0% of NAV per unit	0% of NAV per unit
Maximum:	0.5% of NAV per unit	0.5% of NAV per unit

#### **Taxation**

Prospective unitholders should inform themselves of, and take their own advice on, the taxes applicable to the subscription, holding and redemption of units, and any distribution (each, a “Relevant Event”) under the laws of the place of their operation, domicile, residence, citizenship and/or incorporation. Neither the Trust nor any of the parties listed in the section entitled “MANAGEMENT AND ADMINISTRATION” of this Summary of Explanatory Memorandum makes any warranty and/or representation as to the tax consequences in relation to any Relevant Event (or combination of Relevant Events), takes any responsibility for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and each of the Trust and such parties expressly disclaims any liability whatsoever for any tax consequences in relation to any Relevant Event (or combination of Relevant Events) and/or for any loss howsoever arising (whether directly or indirectly) from any Relevant Event (or combination of Relevant Events). Dividends, interest income, gains on the disposal of investments and other income received by the Trust on its investments in some countries may be liable to the imposition of irrecoverable withholding tax or other tax.

The following paragraphs are based on the law and practice currently in force in Hong Kong at the date of this Summary of Explanatory Memorandum and are subject to changes in content and interpretation. They are intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Trust and no reliance, therefore, should be placed upon them.

#### **Hong Kong**

The Trust was authorised under Section 15 of the *Securities Ordinance* of Hong Kong and is now deemed to have been authorised under Section 104 of the *Securities and Futures Ordinance* of Hong Kong. As a result, any Hong Kong sourced income it derives will be exempt from Hong Kong profits tax provided the Trust is carried on in accordance with the purposes stated in its constitutive documents as approved by the SFC and in accordance with the requirements of the SFC.

A unitholder will not be liable to Hong Kong profits tax on gains realised on the sale or redemption of units except where the acquisition and disposal of units is or forms part of a trade, profession or business carried on by the unitholder in Hong Kong and the gains are revenue in nature for Hong Kong profits tax purposes. The classification of a gain as revenue or capital will depend on the particular circumstances of the unitholders. As a matter of the Inland Revenue Department practice, unitholders also should not be taxed in Hong Kong on distribution of income from the Trust. Unitholders should take advice from their own professional advisers as to their particular tax position.

#### **Reports and Accounts**

The financial year end of the Trust is 30 June. Audited accounts (including the Trustee's report) will be sent to all unitholders of the Trust not more than four months following the end of the financial year. An unaudited half-yearly report will also be sent to unitholders, within two months after 31 December.

#### **GENERAL**

##### **Publication of Net Asset Value**

The net asset value per unit for Class A and Class B units (or the subscription (offer) and redemption (bid) prices) are normally published regularly in the South China Morning Post and the Hong Kong Economic Times or may be obtained by ringing the Administrator on (852) 2265-1133.

##### **Documents**

Copies of the Trust Deed and Base Terms may be obtained from the Administrator at a cost of HK\$80.00 each or may be inspected free of charge during normal working hours at the office of the Administrator. Copies of the Investment Management Agreement may also be inspected during normal working hours at the office of the Administrator free of charge at the address shown below.

##### **Transmission of Units**

The Trust Deed contains provisions relating to the transfer of units in the case of the death of the unitholders. The laws of Hong Kong will require that the personal representative of the unitholder either obtains a grant of probate in Hong Kong or will require the personal representative to re-seal any grant of probate, or equivalent obtained in a foreign jurisdiction. Any costs incurred will be borne by the unitholder's estate.

##### **Merger and Division**

Subject to the prior approval of the Authority and the SFC, the Manager may merge the Trust Fund with any other approved pooled investment fund or divide the Trust Fund into different sub-funds, by giving a three months' notice to the unitholders.

#### **MANAGEMENT AND ADMINISTRATION**

##### **Manager**

JF Asset Management Limited  
21st Floor, Chater House  
8 Connaught Road Central  
Hong Kong

**Directors of the Manager**

Clive Stuart Brown  
Andrew Douglas Eu  
Roger Anthony Hepper

David Li Ching Hsu  
Piers Aidan Litherland  
Ken Wai Ming Tam

**Administrator**

JF Funds Limited  
21st Floor, Chater House  
8 Connaught Road Central  
Hong Kong

**Trustee and Registrar**

Royal Bank of Canada Trust Company (Asia) Limited  
1702A, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

**Auditors**

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building  
1 Des Voeux Road Central  
Hong Kong

**Solicitors**

Deacons  
5<sup>th</sup> Floor, Alexandra House  
16-20 Chater Road  
Central  
Hong Kong

**Additional information is available from: -**

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