

## AMUNDI HK PORTFOLIOS

**THIS NOTIFICATION IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE. THE MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS NOTIFICATION AS BEING ACCURATE.**

Unless otherwise defined herein, terms and expressions used in this notice have the same meanings as given to them in the offering documents of the Fund and the Sub-Funds.

**To Unitholders of  
Amundi HK Portfolios (the “Fund”)**

31 December 2019

Dear Unitholders,

### **Amendments to Reflect Requirements under the Revised Code on Unit Trusts and Mutual Funds and Other Amendments**

#### **A. Changes pursuant to the revised Code**

The Fund and its sub-funds (each a “**Sub-Fund**” and collectively the “**Sub-Funds**”) are subject to the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the Securities and Futures Commission in Hong Kong (“**SFC**”). The Code has been revised. The Trust Deed has been amended by way of a supplemental trust deed (“**Supplemental Deed**”) and the Explanatory Memorandum has been amended by way of a revised Explanatory Memorandum to reflect the requirements under the revised Code.

The following key changes (“**UT Code Changes**”) have been made to the Trust Deed and/or the Explanatory Memorandum (where applicable) to reflect the requirements under the revised Code:

1. Trustee and Manager - additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the revised Code.
2. Investment restrictions: core requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments, collateral, etc.

A summary of the key revised investment restrictions/requirements pursuant to the revised Code are set out in Annexure A enclosed with this notice.

Currently, the Sub-Funds may acquire financial derivative instruments for investment and/or hedging purposes. The net derivative exposures of each Sub-Fund may be up to 50% of its latest available Net Asset Value.

The investment policies of Amundi HK – Defensive Balanced Fund and Amundi HK – Balanced Fund have been clarified regarding their maximum exposures to instruments with loss-absorption features. The expected total maximum investments in LAP of each of the foregoing Sub-Funds will be less than 10% of its Net Asset Value.

3. Other amendments pursuant to the revised Code – other amendments and enhancement of disclosures to reflect the requirements of the revised Code including the following:

- (a) enhanced disclosures relating to the collateral policy of the Sub-Funds;
- (b) enhanced disclosures relating to the valuation policy of the Sub-Funds;
- (c) amendments to reflect the requirements under the revised Code on transactions with connected persons and change in soft dollars arrangement;
- (d) enhanced disclosures relating to arrangements in handling unclaimed proceeds of Unitholders where the Fund, a Sub-fund or a class of Units is terminated; and
- (e) other miscellaneous and enhancements of disclosure.

Please refer to the revised Explanatory Memorandum and the Supplemental Deed for further details.

Save as disclosed in this notice, the UT Code Changes will not result in any material change to the investment objective and risk profile of the Sub-Funds. There will be no increase in the fees payable out of the assets of the Sub-Funds as a result of the UT Code Changes. The UT Code Changes will also not result in a change in the manner in which the Fund and the Sub-Funds currently operate or are being managed save as disclosed in this notice.

#### **B. Change of investment strategy of Amundi HK - Defensive Balanced Fund**

With effect from 31 December 2019, the investment strategy of Amundi HK - Defensive Balanced Fund is amended as follows:

##### ***“Investment strategy***

The Sub-Fund will invest ~~around 30%~~20% to 40% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in bonds, currencies and cash.

The Manager and the Sub-Investment Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Bond positions will provide yield and serve as a cushion. Derivatives may be used for ~~investment and~~ hedging purposes only. ~~The Sub-Fund will have limited RMB-denominated underlying investments.~~The Sub-Fund may invest up to 10% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in China's domestic onshore bond market through Bond Connect.

The Sub-Fund may invest in LAP, for example, contingent convertible debt securities, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAP will be less than 10% of its Net Asset Value.”

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK - Defensive Balanced Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

### C. **Change of investment strategy of Amundi HK - Balanced Fund**

With effect from 31 December 2019, the investment strategy of Amundi HK - Balanced Fund is amended as follows:

#### ***“Investment strategy***

The Sub-Fund will invest 40% to 80% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in bonds, currencies and cash.

The Manager and the Sub-Investment Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Bond positions will provide yield and serve as a cushion. Derivatives may be used for investment and hedging purposes only. ~~The Sub-Fund will have limited RMB-denominated underlying investments.~~ The Sub-Fund may invest up to 10% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in China's domestic onshore bond market through Bond Connect.

The Sub-Fund may invest in LAP, for example, contingent convertible debt securities, debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund's expected total maximum investments in LAP will be less than 10% of its Net Asset Value.”

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK - Balanced Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

### D. **Change of investment strategy of Amundi HK – Growth Fund**

With effect from 31 December 2019, the investment objective and strategy of Amundi HK – Growth Fund are amended as follows:

#### ***“Investment objective***

The investment objective of the Sub-Fund is to achieve high long term capital growth through an actively managed portfolio of global equities, money market instruments, government bonds and cash. It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

#### ***Investment strategy***

The Sub-Fund will invest ~~up to 80%~~ up to 100% of its Net Asset Value in global equities, equity equivalent securities and exchange traded funds, and the remaining shall be invested in cash, government bonds and money market instruments. The Manager will combine active strategic and tactical asset allocation approaches. Equity investments will be actively managed and are expected to be a main source of return. Investments may also be made in cash and money market instruments up to 20% of the assets in light of market conditions. Derivatives may be used for investment and hedging purposes only. ~~The Sub-Fund will have limited RMB-denominated underlying investments.~~ The Sub-Fund may invest up to 10% in RMB-denominated underlying investments, where the Sub-Fund may invest in China A-Shares through the Stock Connects and in China's domestic onshore bond market through Bond Connect.”

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK – Growth Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

#### **E. Amundi HK – Money Market USD Fund**

##### **(1) Transition of Amundi Funds – Cash USD (This is not a money market fund in Hong Kong)\* (“Underlying Fund”), the underlying fund of Amundi HK – Money Market USD Fund, under the revised Code**

\* The Underlying Fund is a standard variable net asset value money market fund under the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the “**MMFR**”).

As a result of the revised Code, only funds classified as short-term money market funds under the MMFR will continue to be classified as money market funds under the revised Code. As the Underlying Fund is a standard variable net asset value money market fund under the MMFR and the Underlying Fund is unable to fully comply with the requirements under the revised Chapter 8.2 of the Code, it will no longer be classified as a money market fund under the revised Code. In particular, the Underlying Fund currently maintains a portfolio with weighted average maturity not exceeding 90 days and weighted average life not exceeding 12 months under the MMFR. Consequently, the Underlying Fund will not be able to comply with 8.2(f) of the revised Code which requires the portfolio to maintain a weighted average maturity not exceeding 60 days and weighted average life not exceeding 120 days.

With effect from 31 December 2019, the Explanatory Memorandum will be amended to indicate that the Underlying Fund is not a money market fund under the revised Code even though it is a standard variable net asset value money market fund under the MMFR. A new risk disclosure to the effect that the Underlying Fund may be subject to higher risks (e.g. credit risk and interest rate risk) than money market funds authorised under Chapter 8.2 of the revised Code has been added to the Explanatory Memorandum. Please also refer to the revised prospectus of the Underlying Fund for further details, a copy of which is available on request.

Notwithstanding the reclassification, there is no material change to the investment objective, strategy, overall risk profile and level of fees of Amundi HK – Money Market USD Fund and the way it is being managed. The manager of the Underlying Fund has also confirmed the same in relation to the Underlying Fund.

##### **(2) Clarification and change of the investment strategy of the Underlying Fund**

Moreover, the investment objective and strategy of the Underlying Fund have been amended and clarified as follows:

###### **“Investment objective and strategy”**

The investment objective of the Underlying Fund is to offer returns in line with money markets rates while seeking to achieve a stable performance in line with the USD Libor 3-month rate.

The Underlying Fund invests in short-term assets and, more precisely, mainly in money market instruments that are denominated in US dollar or hedged against the US dollar. The Underlying Fund invests at least 67% of its total assets in money market instruments (including asset-backed commercial papers). As long as the Underlying Fund remains authorized by the SFC, it will be operated in accordance with the

~~investment principles of (including the investment and borrowing restrictions) Chapter 8.2 of the SFC's Code on Unit Trust and Mutual Funds.~~ The average portfolio maturity maintained by the Underlying Fund will not exceed 90 days and it will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities. The base currency of the Underlying Fund and the Sub-Fund is US Dollar.

The Underlying Fund does not invest more than 30% of assets in ~~transferable securities and~~ money market instruments issued or guaranteed by any single nation, public local authority within the EU, or an international body to which at least one EU member belongs.

The Underlying Fund may invest up to 10% of its assets in units / shares of other MMFs.<sup>#</sup>

The Underlying Fund may invest in LAP, for example, contingent convertible debt securities, senior non-preferred debts, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Underlying Fund's expected total maximum investments in LAP will be less than 30% of its net asset value.

The Underlying Fund may use derivatives for hedging ~~and efficient portfolio management~~. The Underlying Fund will not invest ~~extensively~~ in financial derivative instruments for investment purposes.

The attention of the Investors is drawn to the fact that the base currency referred to in the investment strategy does not necessarily reflect its currencies of investment.

The investment team of the Underlying Fund uses both technical and fundamental analysis, including credit analysis, to select issuers and short term private securities (bottom-up) while constructing a high quality portfolio with a strong focus on liquidity and risk management.

Investors should note that the Trustee is not the trustee or custodian of the assets of the Underlying Fund and accordingly is not responsible for (i) the safe-keeping or controlling the assets of the Underlying Fund; or (ii) ensuring compliance by the Underlying Fund, or the Underlying Fund investment manager with investment restrictions, borrowing restrictions or investment objectives applicable to the Underlying Fund.

A copy of the prospectus of the Underlying Fund is available on request. It is recommended that each investor read and understand such prospectus. Please refer to Annexure AC to this Explanatory Memorandum for investment and borrowing restrictions of the Underlying Fund."

<sup>#</sup> Please note that this change takes effect from 1 January 2020.

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK – Money Market USD (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed). The manager of the Underlying Fund has also confirmed the same in relation to the Underlying Fund.

**F. Change of investment objective of Amundi HK – New Generation Asia Pacific Equity Dividend Fund**

With effect from 31 December 2019, the investment objective of Amundi HK - New Generation Asia Pacific Equity Dividend Fund is amended as follows:

***“Investment objective***

The investment objective of the Sub-Fund aims to outperform the MSCI AC Asia Pacific ex Japan Index (the “Benchmark”) over the cycle with a lower volatility, through an actively managed and diversified portfolio of Asia-Pacific ex Japan equities and money market instruments (including cash). For investors in distribution classes, the Sub-Fund aims to provide a higher and more stable dividend distribution rate than the Benchmark. For investors in accumulation classes, the Sub-fund aims to outperform the Benchmark ~~on a consistent basis~~ over the cycle with lower volatility.

It cannot be guaranteed that the performance of the Sub-Fund will generate a return and there may be circumstances where no return is generated or capital is not preserved.

Derivatives may be used for hedging purposes only.”

For the avoidance of doubt, the above change is not expected to result in any material change to the key features of Amundi HK – New Generation Asia Pacific Equity Dividend Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

**G. Change of investment strategy of Amundi HK – Global Ageing Planet Opportunities Fund**

With effect from 31 December 2019, the investment strategy of Amundi HK - Global Ageing Planet Opportunities Fund is amended as follows:

***“Investment Strategy***

The investment strategy of the Sub-Fund consists of taking advantage of a secular trend, namely the ageing of the global population. The Manager aims to invest at least ~~80~~75% of the Sub-Fund’s Net Asset Value in equities, equity equivalent securities (such as, American depository receipts, global depository receipts), and physical exchange traded funds which it considers demonstrate potential of strong returns, on a global basis in various sectors that may benefit from the ageing of the global population (pharmaceuticals, medical equipment, diversified financials, etc.) based on fundamental and quantitative, liquidity, and market capitalisation criteria. These equities and equity equivalent securities may include small and medium sized companies. The Sub-Fund will only invest up to 10% of its Net Asset Value in physical exchange traded funds.

The Sub-Fund may invest up to 25% of its assets in the equities or similar securities of issuers in emerging countries (including China A Shares via the Stock Connects within a maximum of 10% of its assets).

The Sub-Fund may invest up to ~~20~~25% of its remaining Net Asset Value in currencies and money market instruments (including cash).

Derivatives may be used for investment and hedging purposes. No more than 15% of the Sub-Fund’s Net Asset Value may be invested in warrants and options in terms of the total amount of premium paid, other than for hedging purposes. The net aggregate value of futures contract prices, whether payable to or by the Sub-Fund under all outstanding future contracts (other than for hedging purposes), together with the aggregate value of investments in physical commodities and commodity based investments may not exceed 20% of the Sub-Fund’s Net Asset Value.

~~The Sub-Fund will have limited RMB denominated underlying investments.~~

The Manager will not invest more than 10% of the Sub-Fund's Net Asset Value in securities issued and/or guaranteed by a single sovereign issuer (including its government, a public or local authority of that country) which is rated below investment grade by an internationally recognised rating agency or unrated. In the event of split rating, the highest credit rating accredited to the relevant sovereign issuer will be deemed the reference credit rating.

The Fund management process is based on a combined approach, namely a top-down sector allocation process, and a bottom-up security selection process.

As a result of the Sub-Fund's investment objective and investment strategy, the Sub-Fund totally excludes some sectors and investments that are not related to its theme, and is therefore likely to show significant performance differences compared with a global equity index (e.g. MSCI World Index), including over relatively extended time periods.

The Sub-Fund will not be involved in ~~stock lending, repurchase agreement, or other related similar over-the-counter transactions~~ any securities financing transactions."

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK – Global Ageing Planet Opportunities Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

#### H. **Change of investment strategy of Amundi HK – Disruptive Opportunities Equity Fund**

With effect from 31 December 2019, the investment strategy of Amundi HK - Disruptive Opportunities Equity Fund is amended as follows:

##### ***"Investment strategy***

The Sub-Fund aims to achieve the investment objective by investing at least ~~70~~75% of its ~~net~~Net asset~~asset value~~Value in a diversified portfolio of securities of companies which create a new market (such as through new products, services, solutions or distribution channels) that, in the opinion of the Manager, can challenge and may eventually overtake existing business models (known as "disruptive innovation companies"). These companies are developed based on a different business model rather than more commonly used business models established in the relevant industry. The Manager considers that such disruptive innovation companies may benefit from the above structural changes by way of innovations, and could be identified from different economic sectors such as healthcare, internet economy, technology, industrials, environment, consumer discretionary, financials etc. Disruptive innovation companies are considered to have the potential for revolutionizing an industry and significant societal impact, which breakthrough an industry's conventional approach in doing business.

The Sub-Fund may invest up to 100% of its Net Asset Value in equities and equity equivalent securities (such as American depository receipts, global depository receipts). Depending on market conditions, up to ~~20~~25% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments. The Sub-Fund will only invest up to 10% of its Net Asset Value in physical exchange traded funds.

The Sub-Fund may invest in China A shares via the Stock Connects within a maximum of 10% of its assets.

~~The Sub-Fund will have limited RMB denominated underlying investments.~~

The Sub-Fund may invest in financial derivative instruments (such as warrants, options and futures) for hedging or investment purposes to the extent permitted under Chapter 7 of the Code on Unit Trusts and Mutual Funds and the provisions set out under the section above headed “INVESTMENT AND BORROWING RESTRICTIONS”.

The Sub-Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in any one country, region or sector, except that the Sub-Fund will not invest more than 10% of its non-cash assets in Mainland China market. The Sub-Fund adopts a mix of top-down and bottom-up approach.

The Sub-Fund will not be involved in ~~stock lending, repurchase agreement, or other related similar over-the-counter transactions~~ any securities financing transactions.

As a result of the Sub-Fund’s investment objective and investment strategy that focuses on disruptive innovation businesses, the Sub-Fund is likely to show significant performance differences compared with a global equity index (e.g. MSCI World Net Total Return Index), over relatively extended time periods.”

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK – Disruptive Opportunities Equity Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

**I. Change of investment strategy of Amundi HK – Global Education Opportunities Equity Fund**

With effect from 31 December 2019, the investment strategy of Global Education Opportunities Equity Fund is amended as follows:

***“Investment strategy***

The Sub-Fund aims to achieve the investment objective by investing at least ~~70~~75% of its Net Asset Value in a diversified portfolio of equity securities of companies from anywhere in the world which are involved in educational technology; childcare; school, college and university management; education REITs; education financing; publishers and content production; career development / recruitment; and educational supplies and services and all related activities.

The Manager primarily adopts a mix of top-down and bottom-up approach in managing the portfolio. The Manager would first use top-down approach to identify the education sub-sectors with growth potential to be invested based on macroeconomic analysis. Within the selected sub-sectors, the Manager would select the companies for investment based on a bottom-up approach, where the Manager would conduct fundamental research on the companies’ business prospects, competitive advantage, profitability, cash flow projections, market valuation, corporate governance and so on. In the stock selection process, the Manager will also take into account ESG criteria: Environmental issues (such as impact on natural resources), Social issues (such as human rights) and Governance issues (such as the way in which the company is run) based on globally recognised ESG criteria / in-house methodology developed by the Amundi Group.

The Sub-Fund may invest up to 100% of its Net Asset Value in equities and equity equivalent securities (such as American depository receipts, global depository receipts). The Sub-Fund may invest up to ~~20~~10% of its Net Asset Value in China A-Shares and China B-Shares, where the Sub-Fund will invest in China A-Shares through the Stock Connects. The Sub-Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in any one country or region or any



companies with a particular market capitalization. The Sub-Fund will only invest up to 10% of its Net Asset Value in physical exchange traded funds.

Depending on market conditions, up to 2025% of the Net Asset Value of the Sub-Fund may be invested in cash and money market instruments.

The Sub-Fund may invest in financial derivative instruments (such as warrants, options and futures) for investment and hedging purposes to the extent permitted under Chapter 7 of the Code on Unit Trusts and Mutual Funds and the provisions set out under the section above headed "INVESTMENT AND BORROWING RESTRICTIONS".

The Sub-Fund will not be involved in ~~stock lending, repurchase agreement, or other related similar over-the-counter transactions~~ any securities financing transactions.

For the avoidance of doubt, the above changes are not expected to result in any material change to the key features of Amundi HK – Global Education Opportunities Equity Fund (including the investment objective, strategy, overall risk profile, level of fees and the way it is being managed).

#### **J. Change of borrowing restriction of certain Sub-Funds**

With effect from 31 December 2019, the borrowing restrictions of Amundi HK – Balanced Fund, Amundi HK – Growth Fund, Amundi HK – New Generation Asia Pacific Equity Dividend Fund and Amundi HK – Global Ageing Planet Opportunities Fund are amended to remove the restriction that the foregoing Sub-Funds may borrow for meeting redemption requests only.

For the avoidance of doubt, the above change is not expected to result in any material change to the key features of the aforementioned Sub-Funds (including their investment objectives, strategies, overall risk profiles, levels of fees and the way they are being managed).

#### **K. Miscellaneous updates**

The following changes have also been made to the Explanatory Memorandum:

- (a) Update to Annexure C (formerly Annexure A) of the Explanatory Memorandum to reflect the implementation of the MMFR in relation to the Underlying Fund of Amundi HK – Money Market USD Fund; and
- (b) Other enhancement of disclosures and miscellaneous amendments, including addition of disclosures on Stock Connects and Bond Connect and updates to the disclosures under the section "TAXATION" of the Explanatory Memorandum.

Please refer to the revised Explanatory Memorandum for further details of the changes described in Sections B to K of this notice.

The Explanatory Memorandum and Product Key Facts Statements of the Sub-Funds will be updated to reflect the above changes in due course. The latest Explanatory Memorandum, Product Key Facts Statements of the Sub-Funds, the latest financial reports of the Fund and the Trust Deed (and any supplemental deeds) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at 901-908, One Pacific Place, No.88 Queensway, Hong Kong and copies thereof may be obtained from the Manager.

Concerning enquiries on the above, please contact the Manager at (852) 2521 4231.

Yours faithfully,

**Amundi Hong Kong Limited**

## ANNEXURE A

### SUMMARY OF KEY REVISED INVESTMENT RESTRICTIONS

The key amendments to the investment restrictions are as follows:

- (a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity (other than government and other public securities) through the following may not exceed 10% of its latest available Net Asset Value:
  - (i) investments in securities issued by that entity;
  - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
  - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.
- (b) subject to the requirements under the revised Code, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group (i.e. generally, entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) through the following may not exceed 20% of its latest available Net Asset Value:
  - (i) investments in securities issued by those entities;
  - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
  - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.
- (c) the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of its latest available Net Asset Value provided that the 20% limit may be exceeded in certain circumstances specified in the revised Code.
- (d) a Sub-Fund may not invest in physical commodities unless otherwise approved by the SFC and disclosed in the investment policy of the Sub-Fund.
- (e) a Sub-Fund which is a feeder fund may invest 90% or more (instead of all) of its latest available Net Asset Value in a single collective investment scheme.
- (f) subject to the requirements under the revised Code, a Sub-Fund 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.
- (g) the maximum borrowing of a Sub-Fund has been reduced to 10% of its latest available Net Asset Value.
- (h) a Sub-Fund may acquire financial derivative instruments for hedging purposes.
- (i) a Sub-Fund may acquire financial derivative instruments for non-hedging purposes in accordance with its investment objective and policy subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value.

Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of a Sub-Fund are converted into their equivalent positions in their underlying assets. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 50% limit so long as there is no residual derivative exposure arising from such hedging arrangement.

- (j) to limit the exposure to each counterparty, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements in the revised Code.