

## UNITHOLDER CIRCULAR

This document is important and requires your immediate attention. If you are in any doubt as to the action to be taken you should seek independent professional financial advice.

If you have sold or transferred all of your Units in Nikko AM China Multi Access Opportunities Fund, the sole sub-fund of Nikko AM Hong Kong Limited Strategic Series (the "Fund"), please pass this letter at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.

Unless otherwise defined in this letter, capitalised terms shall bear the same meaning as those used in the Fund's Explanatory Memorandum.

**Date: 29 August 2017**

### **Proposed merger of the Nikko AM China Multi Access Opportunities Fund into Nikko AM Asian Small Mid Equity Fund, a sub-fund of Nikko AM Hong Kong Investment Funds**

Dear Unitholder,

The purpose of this letter is to explain to you our proposal to merge Nikko AM China Multi Access Opportunities Fund (the "Sub-Fund"), the sole sub-fund of the Fund into USD class units of the Nikko AM Asian Small Mid Equity Fund (the "Receiving Fund"). This letter also sets out the terms of the proposed merger and explains how it is to be effected in accordance with the Fund's Trust Deed.

#### **A. TERMS OF THE MERGER**

##### ***Type of merger***

Pursuant to Clause 27.7 of the Fund's Trust Deed, the proposed merger is of a type which involves the net assets of the Sub-Fund being transferred to the Receiving Fund and the Unitholders of the Sub-Fund will be entitled to units in the Receiving Fund pro rata to their respective interests in the assets of the Sub-Fund. The Sub-Fund and the Fund will continue to exist until its liabilities have been discharged.

##### ***Background to and rationale for the proposed merger***

The Sub-Fund is the sole sub-fund of the Fund, an open-ended unit trust established as an umbrella fund under the laws of the Cayman Islands. The Receiving Fund is the sole sub-fund of Nikko AM Hong Kong Investment Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong.

The rationale for the proposed merger is to allow the Sub-Fund's Unitholders to invest in a wider choice of investments in Asia (ex Japan) with a focus on small to medium sized companies, instead of focussing primarily in China related securities. Separately, the Sub-Fund has experienced a steady decline in its fund size over the past 12 months and the current fund size stands at approximately US\$1.02 million as at 31 July 2017. The Manager is of the opinion that it is no longer efficient to manage the Sub-Fund at the current fund size. Therefore, with a view to enhance efficiency, the Manager proposes, subject to the approval of the Unitholders, to merge the Sub-Fund into the Receiving Fund pursuant to Clause 27.7 of the Fund's Trust Deed. It is expected that the proposed merger will result in a larger pool of assets under management of the Receiving Fund which has a current fund size of approximately US\$3.36 million as at 31 July 2017.

##### ***The expected impact of the proposed merger***

##### **Investment Objectives and Policies of the Sub-Fund and the Receiving Fund**

The investment objectives and policies of the Sub-Fund and the Receiving Fund are dissimilar.

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The Sub-Fund focuses on investment in China related securities and may gain exposure to the China market through QFII, Access Products and Stock Connect, while the Receiving Fund may invest primarily in the whole of Asia (ex Japan) with a focus in small to medium sized companies. The Manager is of the view that the proposed merger will have a favourable impact on the Unitholders of the Sub-Fund as they will have exposure to a wider range of Asian investments rather than focussing solely on the China market.

Risk Factors

Both the Sub-Fund and the Receiving Fund are subject to similar risk factors, such as investment risk, equity risk, concentration risk, emerging market risk, foreign exchange risk and derivative risk. However, the Receiving Fund may be subject to additional risk factors which are not applicable to the Sub-Fund, such as risk relating to investment in a focus portfolio of stocks, risk relating to small- and mid-capped companies, RMB currency risk and RMB classes related risk and early termination risk. For further details of comparison of the risk factors of Sub-Fund and the Receiving Fund, please refer to Appendix 1 to this letter (the “**Appendix 1**”).

Fee Structure

Both the Sub-Fund and the Receiving Fund are subject to the same types of fees, such as management fee, subscription fee (i.e. sales charge/ preliminary charge), realisation fee (realisation charge), performance fee, annual total expense ratio and trustee fee. The respective charging scale and/or fee rates are set out in Appendix 1.

Further, for the first 12 months from the launch date of the Receiving Fund (i.e. 17 January 2017), the total expense ratio<sup>1</sup> of the Receiving Fund has been capped at 2% of its average net asset value over a 12-month period (the “**Cap**”). The expenses in excess of the Cap will be borne by the Manager. The Manager may remove the Cap upon obtaining the SFC’s prior approval and giving one month’s prior written notice to the unitholders of the Receiving Fund.

As such, it is expected that Unitholders should benefit from the Cap which aims to obtain a size and expense level for the Receiving Fund to be economically viable, but please note that the Cap may or may not be successful in achieving its intended results for the Receiving Fund.

Appendix 1 to this letter sets out a detailed comparison of the key features of the Sub-Fund and the Receiving Fund and it also sets out the relevant dealing arrangements, dividend and valuation policies of both the Sub-Fund and the Receiving Fund. The comparison includes information about their investment objectives and policies, risk factors, structure, investment restrictions, classes of units, charges, fees and expenses, expected outcome and financial year ends. There will be no differences in the nature of your rights as a Unitholder of the Sub-Fund before the proposed merger and the nature of your rights as a unitholder of the Receiving Fund after the proposed merger takes effect. Notwithstanding the above the Manager recommends that you consider the comparison in Appendix 1 and the offering documents of the Receiving Fund carefully.

The Sub-Fund’s portfolio will be disposed of in advance of the merger to ensure that the portfolio only contains cash to be transferred to the Receiving Fund.

If the merger is effected, the units issued to you will be in a class of units of the Receiving Fund that has same class currency as the existing class of Units in which you are invested.

Details of the class of units to be issued in the Receiving Fund in place of the Unitholders’ existing class of Units in the Sub-Fund is set out below:

| Sub-Fund | Receiving Fund  |
|----------|-----------------|
| Units    | Class USD Units |

<sup>1</sup> Means the sum of the estimated ongoing expenses chargeable to a class of units of the Receiving Fund expressed as a percentage of such class of units of the Receiving Fund’s estimated average net asset value over a 12-month period.

### **Valuation of assets and calculation of the exchange ratio**

If the merger is approved by the Unitholders, the Sub-Fund will contribute all of its net assets, including any accrued income to the Receiving Fund. All assets of the Sub-Fund will be valued in accordance with the valuation principles contained in the Explanatory Memorandum and the Trust Deed on the Effective Date (as defined below).

If the proposed merger is approved by Unitholders, you will receive units in the Receiving Fund, based on the net asset value of the Receiving Fund, on the Effective Date and your Units in the Sub-Fund will be cancelled on the Effective Date. Additionally, on the Effective Date all of the net assets of the Sub-Fund will be transferred to the Receiving Fund so that you receive units in the Receiving Fund that are equal in value to the Units that you own in the Sub-Fund.

The value of a Unit in the Sub-Fund will be calculated using the net asset value per Unit as at the close of business on the last Business Day of the Freeze Period (as defined in the section headed “Other Matters Relating to the Merger”) (i.e. 24 October 2017) and the new units will be issued to each Unitholder invested in the Sub-Fund according to the following formula:  **$N = (S \times P) / R$**

N = Number of new units (Receiving Fund) to be issued to such Unitholder (rounded to the nearest 2 decimal places)

S = Number of Units of the corresponding class owned by such Unitholder at the close of business on the last Business Day of the Freeze Period

P = Price per Unit of the corresponding class owned by such Unitholder for purposes of the proposed merger at the close of business on the last Business Day of the Freeze Period (rounded down to 8 decimal places)<sup>2</sup>

R = Price per new unit of the relevant class of the Receiving Fund at the close of business on the Effective Date (rounded to the nearest 3 decimal places)

It is also proposed that any accrued income in the Sub-Fund will be included in the net asset value calculations and will form part of the assets being transferred to the Receiving Fund on the Effective Date.

### **Proposed effective date of merger**

The proposed merger can only occur if the Unitholders of the Sub-Fund pass an extraordinary resolution approving the merger at an extraordinary general meeting (the “**EGM**”) of the Sub-Fund (as described below). If the resolution relating to the merger is passed by the Unitholders of the Sub-Fund, it is expected that the merger will take effect within 35 days of the date of the EGM or such other time that may be decided by the Manager in consultation with the Trustee and notified to Unitholders (the “**Effective Date**”). Appendix 2 sets out a timeline for the merger proposal which the Manager recommends you should read carefully.

As outlined below, if there is no quorum present at the EGM, then the EGM will be adjourned until such day and time not being less than fifteen days thereafter and the quorum for such an adjourned EGM shall be the Unitholders present in person or by proxy. Notice of any adjourned meeting of Unitholders shall be given and such notice shall state that the Unitholders present at the adjourned meeting, whatever their number and the number of Units held by them, will form a quorum.

No unitholder approval is needed from unitholders of the Receiving Fund.

<sup>2</sup> Investors please note that the use of this rounding method for “P” will result in residual cash. Any residual cash will be evenly distributed to all Unitholders. However, if it is not economically or operationally viable to do so (e.g. when the administrative costs is equal to or higher than the total amount of residual cash), the residual cash will be merged accordingly into the Receiving Fund upon the consultation with the Trustee of the Fund.

## **B. PROCEDURAL ASPECTS RELATING TO THE MERGER**

### ***General Procedures***

It is intended that the merger provides for:

- (a) the disposal of and liquidation of the assets of the Sub-Fund;
- (b) the transfer to the Receiving Fund on the Effective Date of the cash assets and any accrued income of the Sub-Fund; and
- (c) the issue of units in the Receiving Fund to the Unitholders, pro rata to their respective interests in the assets of the Sub-Fund, in consideration for the cancellation of their Units in the Sub-Fund.

Following the merger, applications will be made to (i) the Securities and Futures Commission ("**SFC**") to withdraw the authorisation of the Fund and the Sub-Fund; and (ii) the Cayman Islands Monetary Authority ("**CIMA**") to de-register the Fund and the Sub-Fund. The de-registration with CIMA is expected to occur on or before the end of December 2017.

### ***Notice of an EGM of the Sub-Fund***

Unitholders of the Sub-Fund are to be asked to consider a resolution to approve the proposed merger at an EGM of the Sub-Fund which is to be held on 21 September 2017.

You will find enclosed a notice of an EGM of the Sub-Fund, which will be held at 9:00 a.m. (Hong Kong time) on 21 September 2017 at the offices of Walkers, the solicitors to the Manager as to the laws of the Cayman Islands, at 15<sup>th</sup> Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

At the EGM, Unitholders will be asked to consider as an item of special business the approval of the merger. In order for the merger to be effective, the extraordinary resolution requires 75 per cent. or more of those present and voting in person or by proxy voting in favour of the resolution. The quorum for passing an extraordinary resolutions will be Unitholders present in person or by proxy and holding or representing not less than one-quarter of the Units for the time being in issue.

Should the quorum not be reached at the EGM, an adjourned EGM will be convened at such day and time not being less than fifteen days thereafter and to such place as may be appointed by the chairman of the meeting in accordance with the Fund's Trust Deed (the "**Adjourned EGM**"). The approval of 75 per cent. or more of those present and voting in person or by proxy in favour of the extraordinary resolution is again required except that the quorum for the Adjourned EGM may be achieved by Unitholders present at the adjourned meeting, whatever their number and the number of Units held by them. If a Unitholder has cast a vote at the EGM, this will be counted for the purposes of the Adjourned EGM. The proxy form accompanying the notice of the EGM of the Sub-Fund enclosed with this letter is for use in relation to the EGM or the Adjourned EGM of the Sub-Fund and should be completed and returned in accordance with the instructions thereon, so as to be received as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM, namely, before 9:00 a.m. (Hong Kong time) on 19 September 2017. Unitholders should return a signed copy of the proxy form either by post for the attention of Jermyn Wong of Nikko Asset Management Hong Kong Limited at 2401-03, 24/F, Man Yee Building, 60-68 Des Voeux Road Central, Hong Kong or by fax at +852 3940 3904. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM or the Adjourned EGM. Proxy forms received for the EGM will be used to vote at the Adjourned EGM, unless they have been revoked.

For the purposes of determining the number of Unitholders, the number of Units held by each Unitholder and the total number of Units as at the date of the EGM, such numbers will be based on the register of Unitholders maintained by the Trustee as at 9:00 a.m. (Hong Kong time) on 19 September 2017.

Please note that if you have purchased your Units through any distributor of the Manager, your Units would be registered in the name of the distributor or its nominee for your account. Therefore, unless you instruct the distributor for your account specifically on how you wish them to exercise your votes on your behalf by submitting a voting form to them, the distributor for your account would be able to exercise or decline to exercise your votes at its discretion, and in such manner as its deems fit.

If you wish to instruct the distributor for your account specifically on how you wish them to exercise your votes on your behalf, please contact the distributor to obtain a copy of the voting form. The voting form should be completed and returned to the distributor by such deadline as determined by the distributor. Kindly check with the distributor from whom you bought your Units on the deadline that is applicable to you. Duly completed voting forms received prior to such deadline will be valid for the EGM and any Adjourned EGM.

It should be noted that, if the extraordinary resolution is approved by the requisite majority, the merger will be binding on all Unitholders, including Unitholders who voted against the resolution or who did not vote at all.

You will be notified by letter of the outcome of the EGM or the Adjourned EGM within 7 business days following the EGM or any Adjourned EGM. This letter will also explain the timetable for the merger and details of how you will be informed of the merger taking effect.

If the merger is approved, the Manager will also send you written confirmation of the number of units issued to you in the Receiving Fund by the close of business on the Business Day following the Effective Date.

### **C. OTHER MATTERS RELATING TO THE MERGER**

#### **1 *Right to purchase and / or redeem Units***

If the merger is approved at the EGM or the Adjourned EGM but you do not wish to become a unitholder of the Receiving Fund, you will have ample opportunity at any time from the receipt of this letter up to and including 17 October 2017 to redeem your Units free of any charges and subject to the usual procedures set out in the Explanatory Memorandum. Please note that a redemption will amount to a disposal of your interest in the Sub-Fund and this may have tax considerations. If you continue to stay invested in the Sub-Fund, you will become a unitholder in the Receiving Fund on the Effective Date.

The Sub-Fund has been closed for subscriptions from new and existing investors since the date of this notice. Accordingly, the Sub-Fund is no longer marketed to the public globally. Redemption of Units in the Sub-Fund may continue up until 4:00 p.m. (Hong Kong time) on 17 October 2017. However, as from 4:00 p.m. (Hong Kong time) on the 17 October 2017 to 4:00 p.m. (Hong Kong time) on 24 October 2017 ("**Freeze Period**") any dealings in the Sub-Fund will be closed so as to allow for the disposal of the Sub-Fund's portfolio and to permit the merger process of the Sub-Fund to be effected efficiently. This disposal of the Sub-Fund's portfolio will take place before the proposed merger takes effect. The imposition of a Freeze Period may preclude the Sub-Fund from capturing the upside in the rising market. This disposal of the Sub-Fund's portfolio will occur over several days in the final week before the merger is effected and is expected to have only a minimal impact on the costs and/or performance of the Sub-Fund. For the avoidance of doubt, the disposal of the Sub-Fund's portfolio will not be carried out if the merger is not approved at the EGM or the Adjourned EGM. No disposal of the portfolio or suspension of dealings in the Receiving Fund is necessary before or after the proposed merger takes effect.

Once the proposed merger has been effected and you become a unitholder in the Receiving Fund you can redeem your units in the Receiving Fund, subject to the usual procedures set out in the prospectus of the Receiving Fund.

#### **2 *Alternative plan if the merger is not approved***

If the merger is not approved, the Manager intends to terminate the Fund pursuant to Clause 27.3 of the Fund's Trust Deed on the basis that the net asset value of the Fund has fallen below US\$10,000,000. Unitholders will be notified and be provided with further information regarding such termination in the EGM outcome notice.

#### **3 *Costs***

The expenses incurred in connection with the merger and the transfer of the cash assets and any accrued income of the Sub-Fund to the Receiving Fund (including legal, advisory and administration costs and the costs of convening the EGM of the Sub-Fund and of the preparation and implementation of the transfer) are not expected to exceed **HK\$400,000** and will be borne by the Manager. There are no unamortised preliminary expenses outstanding in relation to the Sub-Fund.

#### **4 Tax**

The tax implications of your unitholding as a consequence of the implementation of the proposed merger may vary depending on the law and regulations of your country of residence, citizenship or domicile. Ordinarily, the proposed merger should not have any tax implications for Hong Kong Unitholders. If you are in any doubt about your potential liability to tax as a consequence of the proposed merger, you should seek professional advice.

#### **5 Availability of documents relating to the Receiving Fund**

**The product key facts statement (“KFS”) of the Receiving Fund is attached at Appendix 3 and the Manager recommends that you read this document and the offering documents of the Receiving Fund carefully as it contains important key information relating to the Receiving Fund.**

Copies of the Prospectus, Trust Deed, latest annual and semi-annual reports and material contracts of Nikko AM Hong Kong Investment Funds and the KFS of the Receiving Fund 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 Manager’s office. Copies of the Prospectus and the KFS may be obtained the Manager’s office free of charge, but copies of the other abovementioned documents may be obtained at the Manager’s office on payment of a reasonable fee.

#### **D. Miscellaneous**

On 24 March 2017, Junichi Sayato was appointed as a director of the Manager of the Fund and Sub-Fund. Investors in Hong Kong should note that the Hong Kong offering documents of the Fund and the Sub-Fund (including the Prospectus and KFS) will not be updated / reissued at this stage.

#### **E. RECOMMENDATION**

The Manager believes that the proposed merger and the proposed transfer of cash assets and any accrued income of the Sub-Fund into the Receiving Fund is in the best interests of Unitholders of the Sub-Fund and accordingly recommend that you vote in favour of the proposed merger. The Manager hopes that you will choose to remain invested in the Receiving Fund.

Please note that the Trustee has no objections to the merger proposal.

If you have any questions in relation to the contents of this letter please contact the Manager or the distributor from whom you purchased your Units. To contact the Manager, investors may either:

- write to the Manager (address at 2401-03, 24/F, Man Yee Building, 60-68 Des Voeux Road Central, Hong Kong); or
- call the Manager at telephone number at +852 3940 3900.

The Manager accepts responsibility for the information contained in this document. To the best of its knowledge and belief the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Yours sincerely,  
**Nikko Asset Management Hong Kong Limited**



Eleanor Seet  
Director

*Appendix 1: Comparison between the Sub-Fund and the Receiving Fund*

*Appendix 2: Timeline for the proposals*

*Appendix 3: KFS for the Receiving Fund*

*Appendix 4: Notice of Extraordinary General Meeting of the Sub-Fund*

*Appendix 5: Form of Proxy for Extraordinary General Meeting of the Sub-Fund*

**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

Investment involves risk. Investors should not make any investment decision solely based on information contained in this comparison document. You should read the relevant offering document (including the product key facts statement) of the Receiving Fund for further details including the risk factors involved.

|  | <b>THE SUB-FUND</b>  | <b>THE RECEIVING FUND</b>   |
|--|--|---|
| <b>Name of fund</b>                    | Nikko AM Hong Kong Limited Strategic Series  | Nikko AM Hong Kong Investment Funds   |
| <b>Name of sub-fund</b>                | Nikko AM China Multi Access Opportunities Fund   | Nikko AM Asian Small Mid Equity Fund  |
| <b>Original Launch Date</b>            | 5 December 2007  | 18 January 2017   |
| <b>Regulatory status</b>               | Registered by the Cayman Islands Monetary Authority and authorised by the Securities and Futures Commission in Hong Kong   | Authorised by the Securities and Futures Commission in Hong Kong  |
| <b>Structure</b>                       | Sub-fund of an umbrella fund with segregated liability between sub-funds<br><br>The umbrella fund is a Cayman open-ended unit trust  | Sub-fund of an umbrella fund with segregated liability between sub-funds<br><br>The umbrella fund is a Hong Kong open-ended unit trust  |
| <b>Country of Incorporation</b>        | Cayman Islands   | Hong Kong   |
| <b>Registered for Distribution</b>     | Cayman Islands (domicile)<br>Hong Kong   | Hong Kong (domicile)  |
| <b>Investment objective and policy</b> | <p><b>Investment Objective</b></p> <p>The investment objective of the sub-fund is to achieve long term capital appreciation and to deliver absolute returns by investing directly and/or indirectly in China related securities.</p> <p><b>Investment Policies and Approach</b></p> <p>The investment focus of the sub-fund is to invest directly and/or indirectly in securities issued by (a) companies / entities domiciled in or listed on the stock exchange in China and (b) companies / entities whose: (i) operations or assets are based mainly in China; (ii) management or ownership is mainly controlled by an entity that is established or incorporated in China; or (iii) revenues or profits are mainly derived from China, including but not limited to, H-Shares, Red-Chips, S-Chips, P-Chips, interests in exchange traded funds and real estate investment trusts.</p> <p>The investment approach of the Manager is as follows:</p> <p>(a) the Manager will seek to invest in under-researched</p> | <p><b>Investment Objective</b></p> <p>The sub-fund aims to achieve medium to long-term capital appreciation by investing primarily in the listed equities of small to medium sized companies that are listed, or have their registered offices in Asia ex Japan or that generate a predominant share of their sales and/or their profits in Asia ex Japan .</p> <p><b>Investment Strategy</b></p> <p>The sub-fund will invest primarily (i.e. at least 70% of its Net Asset Value) in the listed equities of small to medium sized companies in Asia ex Japan. Small to medium sized companies means companies with a market capitalization of USD 100 million to USD 13 billion.</p> <p>The Manager seeks to identify 40-60 stocks in the Manager's focused portfolio through bottom-up stock research.</p> <p>The investments of the sub-fund will have no specific industry or sectoral emphasis. Stock selections are made via (1) quantitative screening, (2) considerations of company specific factors such as growth profiles, profitability and valuations and (3) sector-specific</p> |

**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

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|  | <p>companies which in the opinion of the Manager are often undervalued despite having strong underlying businesses;</p> <p>(b) in the event that the Manager wishes to gain exposure to shares denominated in RMB and issued by companies in China listed on a stock exchange in China, or such other shares issued by companies in China listed on a stock exchange in China and available for investment by a qualified foreign institutional investor (“QFII”), the Manager will acquire, hold and/or dispose of securities (“Access Products”) linked to A-Shares or portfolio of A Shares offered or issued by one or more QFIIs; and</p> <p>(c) the Manager may wish to gain direct exposure to certain eligible A-Shares via the Shanghai-Hong Kong Stock Connect (“Stock Connect”). The Stock Connect is a securities trading and clearing links programme with an aim to achieve mutual stock market access between the People’s Republic of China (“PRC”) and Hong Kong. The Shanghai Stock Exchange (“SSE”) – listed A-Shares eligible for trading by Hong Kong and overseas investors under the Stock Connect include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed A-Shares that are not included as constituent stocks of the relevant indices but which having corresponding H-Shares listed on The Stock Exchange of Hong Kong Limited (“SEHK”), except the following:</p> <p>(a) SSE-listed shares which are not traded in RMB; and<br/>(b) SSE-listed shares which are included in the “risk alert board”. The investment in A-Shares through the Stock Connect is subject to a maximum exposure of 10% of the sub-fund’s latest available net asset value.</p> | <p>research on industry developments and their impact on companies’ businesses. The Manager conducts thorough research on the stock selections and seeks to identify companies with positive characteristics such as the ability to deliver sustainable shareholder returns, positive fundamental changes with strong market potential, healthy financials, strong management and attractive valuation.</p> <p>The Manager believes that active management based on in-depth fundamental stock research can add value to investors.</p> <p>The sub-fund may use financial derivative instruments, such as forwards, futures, options and swaps for hedging purposes only.</p> <p>The Manager currently does not intend to enter into any securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions in respect of the sub-fund. The approval of the SFC will be sought and at least one month’s prior notice will be given to unitholders should there be a change in such intention.</p> |
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**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

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|---|---|--|
| <b>Risk factors</b>                       | <b>Investment risk</b>  | <b>Investment risk</b>   |
|   | <b>Equity risks</b>   | <b>Risks relating to equity securities</b>   |
|   | <b>Concentration risk and China market risk</b>   | <b>Risk of investing in Asia</b>   |
|   | <b>Emerging market risks</b>  | <b>Emerging markets risk</b>   |
|   | <b>China tax considerations</b>   | <b>Legal, tax and regulatory risk</b>  |
|   | <b>Foreign exchange / currency risk</b>   | <b>Currency and foreign exchange risk</b>  |
|   | <b>Derivatives risks</b>  | <b>Derivative risk</b>   |
|   | <b>Access Product risk</b>  | <b>N/A</b>   |
|   | <b>Risks associated with Stock Connect</b>  | <b>N/A</b>   |
|   | <b>Liquidity risk of Investing in A-Shares and B-Shares</b>   | <b>N/A</b>   |
|   | <b>N/A</b>  | <b>RMB currency risk and RMB classes related risk</b>  |
|   | <b>N/A</b>  | <b>Risk relating to investment in a focus portfolio of stocks</b>  |
|   | <b>N/A</b>  | <b>Risk relating to small-and mid-capped companies</b>   |
| <b>N/A</b>                                | <b>Early termination risk</b>   |  |
| <b>Base Currency of Fund</b>              | USD   | USD  |
| <b>Classes of Units/ Class Currencies</b> | USD Class   | USD Class  |
|   | N/A   | HKD Class  |
|   | N/A   | RMB Class  |
| <b>Dividend Policy</b>                    | USD Class: no dividend will be distributed  | All classes of units: no dividend will be distributed  |
| <b>Financial year end</b>                 | 31 October  | 31 December  |
| <b>Minimum Investment</b>                 | USD Class: USD1,000 (initial); USD500 (subsequent)  | HKD Class: HKD10,000 (initial); HKD10,000 (subsequent)<br>USD Class: USD1,000 (initial); USD1,000 (subsequent)<br>RMB Class: RMB10,000 (initial); RMB10,000 (subsequent)   |
| <b>Fund Size at 31 July 2017</b>          | USD 1.02 million  | USD 3.36 million   |
| <b>Dealing Day</b>                        | Every Business Day, or such other day or days as the Manager determines from time to time with the approval of the Trustee. | A day (other than a Saturday or Sunday) on which banks in Hong Kong and Singapore are open for normal banking, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Dealing Day unless the Manager and the Trustee determines otherwise. |

**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

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|--|---|---|--|--|
| <b>Valuation Policy</b>  | The close of business in the last of relevant market on each Dealing Day or such other time on such other Business Day as the Manager with the approval of the Trustee may from time to time determine. |   | The close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to a particular sub-fund or Class of Units and as specified in the relevant Appendix in the Prospectus. |  |
| <b>Pricing</b>   | Forward pricing   |   | Forward pricing  |  |
| <b>Publication of Prices</b>   | Published daily in the South China Morning Post and the Hong Kong Economic Journal.   |   | Published on each Business Day of that sub-fund in the South China Morning Post and the Hong Kong Economic Journal and/or in any appropriate manner.   |  |
| <b>Management Fee (as a % of the sub-fund's net asset value)</b>                 | USD Class   | Up to 2.00% p.a., current rate being 1.50% p.a.   | All classes of units   | Up to 2.00% p.a., current rate being 1.50% p.a.  |
| <b>Subscription Fee (Sales Charge / Preliminary Charge)</b>                      | USD Class   | Up to 5.00% of the subscription amount  | All classes of units   | Up to 5.00% of the subscription amount   |
| <b>Realisation Fee (Realisation Charge)</b>                                      | USD Class   | Up to 3.00% of the realisation proceeds, currently waived by the Manager  | All classes of units   | Nil  |
| <b>Switching Charge</b>  | USD Class   | N/A   | All classes of units   | N/A  |
| <b>Performance Fee</b>   | USD Class   | Nil   | All classes of units   | Nil  |
| <b>Annual Total Expense Ratio ("TER") (as a % of the fund's net asset value)</b> | USD Class   | 5.10%#<br><br>#The TER is calculated as the sum of total expenses expressed as a percentage of the average net asset value of the Sub-Fund for the twelve months ended 31 October 2016. | All classes of units   | 2.00 %^<br><br>^As the Receiving Fund has been launched for less than a year, the TER is an estimate only and represents the sum of the estimated total expenses chargeable to the USD class expressed as a percentage of the USD class' estimated average net asset value over a 12-month period. Moreover, the Receiving Fund's TER will be subject to the Cap. The expenses in excess of the Cap will be borne by the Manager. The Manager may remove the Cap upon obtaining the SFC's prior approval and giving one month's prior written notice to the unitholders of the Receiving Fund.<br><br>In the event that the Manager considers that it is impracticable or inadvisable to operate the Receiving Fund or is no longer feasible to maintain a capped TER for the continual operation of the Receiving Fund, |

**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  | the Manager may terminate the Receiving Fund according to the provisions in the Receiving Fund's constitutive documents. There is no guarantee that investors in the Receiving Fund may recoup their capital in the event that the Receiving Fund is being terminated under this circumstance. |
|--|--|--|--|--|

**APPENDIX 1**

**COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND**

|   |  |  |
|---|--|--|
| <b>Trustee Fee (as a % of the fund's net asset value)</b> | Up to 0.200% p.a., current rate being up to 0.125% p.a.  | Up to 1.000% p.a., current rate being 0.125% p.a. (subject to a minimum of USD22,500 p.a.)   |
| <b>Fees charged to capital or income</b>                  | Income   | Income   |
| <b>Certificates</b>                                       | No certificates will be issued.  | No certificates will be issued.  |
| <b>Manager</b>  | Nikko Asset Management Hong Kong Limited   | Nikko Asset Management Hong Kong Limited   |
| <b>Investment Sub-Manager</b>                             | Nikko Asset Management Asia Limited, Singapore (internal delegation)   | Nikko Asset Management Asia Limited, Singapore (internal delegation)   |
| <b>Investment Adviser</b>                                 | N/A  | N/A  |
| <b>Domicile</b>   | Cayman Islands   | Hong Kong  |
| <b>Governance</b>   | Directors of the Manager   | Directors of the Manager   |
| <b>Auditors</b>   | PricewaterhouseCoopers   | PricewaterhouseCoopers   |
| <b>Trustee and Registrar</b>                              | HSBC Trustee (Cayman) Limited  | HSBC Institutional Trust Services (Asia) Limited   |
| <b>Service Provider to the Trustee</b>                    | HSBC Institutional Trust Services (Asia) Limited   | N/A  |
| <b>Investment Restrictions</b>                            | <p>(a) not more than 15 per cent. of the value of the net assets of the sub-fund may consist of securities of any company not listed or quoted on a stock exchange, over-the-counter market or other organised securities market;</p> <p>(b) not more than 10 per cent. of the value of the net assets of the sub-fund may consist of shares or units in other open ended unit trusts or mutual funds ("managed funds"); and</p> | <p>Changes underlined and marked in bold are additional investment restrictions and/or clarifications for the Receiving Fund.</p> <p>(a) not more than 15% of the latest available net asset value of the sub-fund may consist of securities and assets neither listed, quoted nor dealt in on a securities market (i. e . any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly trade) <b><u>or other organised markets on which assets are regularly traded;</u></b></p> <p>(b) <i>(i) not more than 10% of the latest available net asset value of the sub-fund may in aggregate consist of shares or units in other collective investment schemes (namely "underlying schemes") <b><u>which are non-recognised jurisdiction schemes (as permitted under the Code (i.e. the Overarching Principles Section and Section II- Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the Commission, as may be amended from time to time) and not authorised by the SFC;</u></b> (ii) not more than 30% of the latest available net asset value of a sub-fund may consist</i></p> |

APPENDIX 1

COMPARISON BETWEEN THE SUB-FUND AND THE RECEIVING FUND

|                  |   |  |
|------------------|---|--|
|                  |   | <p><u>of shares or units in an underlying scheme which is a recognised jurisdiction scheme (i.e. a UCITS III scheme which is domiciled in Luxembourg, Ireland or the United Kingdom, whether or not authorised by the SFC) or an SFC-authorized scheme; provided that</u></p> <p><u>(1) all initial charges on the underlying scheme must be waived if the underlying scheme is managed by the Manager or any of its connected persons; and</u></p> <p><u>(2) the Manager may not obtain a rebate on any fees or charges levied by such underlying scheme or its management company;</u></p> <p>(c) <u>if the name of the sub-fund indicates a particular objective, geographic region or market, the sub-fund must invest at least 70% of its non-cash assets in securities and other investments to reflect the particular objective or geographic region or market which the sub-fund represents.</u></p> <p><u>For the purpose of the Receiving Fund, “Government and other public securities” means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (“OECD”) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing. “Government and other public securities” will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.</u></p> |
| <b>Borrowing</b> | The Manager may borrow up to 25 per cent. of the latest net asset value of a sub-fund to acquire new investments or for liquidity purposes to meet realisations and other expenses. The assets of the sub-fund may be charged or pledged as security for any such borrowings. | The Manager may borrow up to 25% of the latest available net asset value of the Receiving Fund to acquire investments, to meet redemption requests or to pay expenses relating to the relevant sub-fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a sub-fund may be charged or pledged as security for any such borrowings.   |

**APPENDIX 2**

**TIMELINE FOR THE PROPOSALS**

| <b>Key dates</b>  |   |
|---|---|
| <b>Event</b>  | <b>Date</b>   |
| Documentation posted to the Unitholders   | 29 August 2017 (Tuesday)  |
| Latest time and date for receipt of Proxy Forms   | 9:00 a.m. Hong Kong time on 19 September 2017 (Tuesday)   |
| EGM of Unitholders of the Sub-Fund  | 9:00 a.m. Hong Kong time on 21 September 2017 (Thursday)  |
| Freeze Period   | From 4:00 p.m. (Hong Kong time) on 17 October 2017 (Tuesday) to 4:00 p.m. (Hong Kong time) on 24 October 2017 (Tuesday) |
| Proposed Effective Date for the merger  | 25 October 2017 (Wednesday)   |
| First dealing day in respect of units issued in the Receiving Fund following the merger of the Sub-Fund                     | 26 October 2017 (Thursday)  |
| Written confirmation posted to Unitholders of the Sub-Fund advising of allocation and number of units in the Receiving Fund | By the close of business on the Business Day following the Effective Date <sup>#</sup>                                  |

# Unitholders of the Sub-Fund will also be able to contact either the Manager or the Distributor on the first dealing day after the Effective Date (as set out in the above table) to ascertain their share allocation in the Receiving Fund. Dealing in the units in the Receiving Fund allocated to the Unitholders will be subject to the usual procedures set out in the prospectus of the Receiving Fund starting from the first dealing day after the Effective Day.

## Nikko Asset Management Hong Kong Limited Nikko AM Hong Kong Investment Funds Nikko AM Asian Small Mid Equity Fund

- *This statement provides you with key information about Nikko AM Asian Small Mid Equity Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document and must be read in conjunction with the Prospectus of Nikko AM Hong Kong Investment Funds (the “Fund”) for the Sub-Fund.*
- *You should not invest in this Sub-Fund based on this statement alone.*

### Quick facts

|  |   |
|--|---|
| <b>Manager</b>                             | : Nikko Asset Management Hong Kong Limited  |
| <b>Investment Sub-Manager</b>              | : Nikko Asset Management Asia Limited<br>(located in Singapore) (internal delegation) |
| <b>Trustee</b>                             | : HSBC Institutional Trust Services (Asia) Limited                                    |
| <b>Ongoing charges over a year*</b>        | : HKD Class: 2.00%<br>USD Class: 2.00%<br>RMB Class: 2.00%                            |
| <b>Dealing frequency</b>                   | : Daily, on every Dealing Day   |
| <b>Base currency</b>                       | : USD   |
| <b>Dividend policy</b>                     | : No dividend distribution  |
| <b>Financial year end of this Sub-Fund</b> | : 31 December   |
| <b>Min. investment</b>                     | :   |

|                    | HKD Class  | USD Class | RMB Class  |
|--------------------|------------|-----------|------------|
| <b>Initial:</b>    | HKD10,000  | USD 1,000 | RMB 10,000 |
| <b>Subsequent:</b> | HKD 10,000 | USD 1,000 | RMB 10,000 |

# As the Sub-Fund is newly set up, this figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the respective class of units of the Sub-Fund expressed as a percentage of the respective class of units of the Sub-Fund’s estimated average Net Asset Value over a 12-month period. The actual figure may be different from this estimated figure and may vary from year to year. Moreover, for the first 12 months from the launch date of the Sub-Fund, the Total Expense Ratio of the Sub-Fund, having the same calculation basis as the ongoing charges figure, will be capped at 2% of the average Net Asset Value of the Sub-Fund over a 12-month period. The expenses in excess of 2% will be borne by Nikko Asset Management Hong Kong Limited. The Manager may remove the cap of 2% of the average Net Asset Value of the Sub-Fund upon obtaining the SFC’s prior approval and giving one month’s prior written notice to the unitholders of the Sub-Fund.

### What is this product?

- Nikko AM Asian Small Mid Equity Fund is a sub-fund of Nikko AM Hong Kong Investment Funds which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 25 October 2016. It is governed by the laws of Hong Kong.

### Objective and Investment Strategy

#### Objective and Strategy

##### Investment Objective

The Sub-Fund aims to achieve medium to long-term capital appreciation by investing primarily in the listed equities of small to medium sized companies that are listed, or have their registered offices in Asia ex Japan or that generate a predominant share of their sales and/or their profits in Asia ex Japan .

##### Investment Strategy

The Sub-Fund will invest primarily (i.e. at least 70% of its Net Asset Value) in the listed equities of small to medium sized companies in Asia ex Japan. Small to medium sized companies means companies with a market capitalization of USD 100 million to USD 13 billion.

## **APPENDIX 3 - KFS FOR THE RECEIVING FUND**

The Manager seeks to identify 40-60 stocks in the Manager's focused portfolio through bottom-up stock research. The investments of the Sub-Fund will have no specific industry or sectoral emphasis. Stock selections are made via (1) quantitative screening, (2) considerations of company specific factors such as growth profiles, profitability and valuations and (3) sector-specific research on industry developments and their impact on companies' businesses. The Manager conducts thorough research on the stock selections and seeks to identify companies with positive characteristics such as the ability to deliver sustainable shareholder returns, positive fundamental changes with strong market potential, healthy financials, strong management and attractive valuation.

The Manager believes that active management based on in-depth fundamental stock research can add value to investors.

The Sub-Fund may use financial derivative instruments, such as forwards, futures, options and swaps for hedging purposes only.

The Manager currently does not intend to enter into any securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. The approval of the SFC will be sought and at least one month's prior notice will be given to unitholders should there be a change in such intention.

### **What are the key risks?**

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

#### **1. Investment risk**

- The Sub-Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal.
- The instruments invested by the Sub-Fund may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses.

#### **2. Risks relating to equity securities**

- Investment in equity securities is subject to market risks. The prices of such securities may also be volatile and a number of factors may affect stock prices, including but not limited to, changes in investment sentiment, political environment, economic environment, issuer-specific factors, regional or global economic instability, currency and interest rate fluctuations.
- If the market value of equity securities in which the Sub-Fund invests in goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses.

#### **3. Risk relating to investment in a focus portfolio of stocks**

- The Sub-Fund invests in a focus portfolio of selected stocks. The Sub-Fund's portfolio may not be well diversified in terms of the number of stocks and the number of issuers of securities that the Sub-Fund may invest in. The Sub-Fund may be adversely affected by or depend heavily on the performance of those securities and is likely to be more volatile than a fund with a more diversified portfolio.

#### **4. Risk of investing in Asia**

- The Sub-Fund primarily invest in Asian (excluding Japan) equity securities. The Sub-Fund may be adversely affected by or depend heavily on the performance of Asian (excluding Japan) equity securities. Investors should also be aware that the Sub-Fund is likely to be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in Asia (excluding Japan).

#### **5. Emerging markets risk**

- The Sub-Fund may invest in Asian emerging markets. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, market volatility, regulatory, settlement and custody risks.

#### **6. Risk relating to small-and mid-capped companies**

- The Sub-Fund invests substantially in the securities of small and/or mid-capped companies. Investing in these securities may expose the Sub-Fund to risks such as lower liquidity, greater market price volatility, less publicly available information, and greater vulnerability to fluctuations in the economic cycle than those of larger capitalisation companies in general.

## APPENDIX 3 - KFS FOR THE RECEIVING FUND

### 7. Currency and foreign exchange risk

- The Sub-Fund's assets and liabilities may be denominated in currencies different from the base currency of the Sub-Fund and the class currency of the relevant unit class. The Sub-Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency of the Sub-Fund, class currency of the relevant unit class and currencies in which the underlying assets and liabilities are denominated.
- In addition, the class currency of a unit class may be different from the base currency of the Sub-Fund and currencies in which the underlying assets and liabilities are denominated. Changes in the exchange rate between the base currency and such class currency and between the currencies of the underlying assets and liabilities and such class currency may lead to a depreciation of the value of such units as expressed in the class currency.

### 8. RMB currency risk and RMB classes related risk

- The Sub-Fund may have limited exposure to RMB denominated investments. RMB is currently not a freely convertible currency. The supply of RMB and the conversion of foreign currency into RMB are subject to exchange control policies and restrictions imposed by the Chinese authorities; therefore, currency conversion is subject to availability of RMB at the relevant time.
- When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in China (the "CNY") and there may be significant bid and offer spreads. The fluctuation in the CNH/CNY exchange rate may impact the value of the RMB classes.
- Investments in RMB classes are subject to RMB currency risks. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB classes of the Sub-Fund and investors may suffer losses. Non-RMB based investors may have to convert Hong Kong dollars or other currencies into RMB when investing in the RMB classes and may need to convert RMB redemption proceeds into Hong Kong dollars or other currencies. During these processes, investors will incur currency conversion costs. Under exceptional circumstances, payment of redemptions in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.
- Depending on the exchange rate movements of RMB relative to the base currency of the Sub-Fund and/or other currency(ies) of the non-RMB-denominated underlying investments of the Sub-Fund,
  - (i) you may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments; or
  - (ii) you may suffer additional losses if the non-RMB-denominated underlying investments of the Sub-Fund fall in value.

### 9. Derivative risk

- The use of financial derivative instruments may expose the Sub-Fund to additional risks including volatility risk, credit risk, liquidity risk, valuation risk and counterparty risk.
- The Sub-Fund's use of financial derivative instruments in hedging purpose may become ineffective and/or cause the Sub-Fund to suffer significant losses.

### 10. Early termination risk

- With an aim to obtain a size and expense level for the Sub-Fund to be economically viable, the Manager has imposed a cap of Total Expense Ratio of 2%. However, the capped Total Expense Ratio may or may not be successful in achieving its intended results.
- In the event that the Manager considers that it is impracticable or inadvisable to operate the Sub-Fund or is no longer feasible to maintain a capped Total Expense Ratio for the continual operation of the Sub-Fund, the Manager may terminate the Sub-Fund according to the provisions in the Fund's constitutive documents.
- There is no guarantee that investors in the Sub-Fund may recoup their capital in the event that the Sub-Fund is being terminated under this circumstance.

### How has the Sub-Fund performed?

As this Sub-Fund is newly established, there is insufficient data to provide a useful indication of past performance to investors.

### Is there any guarantee?

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

## APPENDIX 3 - KFS FOR THE RECEIVING FUND

### What are the fees and charges?

#### **Charges which may be payable by you**

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

| Fee                                 | What you pay                           |
|-------------------------------------|--|
| Subscription Fee (Sales Charge)     | Up to 5.00% of the subscription amount |
| Realisation Fee (Redemption Charge) | Nil                                    |
| Switching Fee                       | Not Applicable                         |

#### **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 get on your investments.

| Fee             | Annual rate (as a % of the Sub-Fund's net asset value)                   |
|-----------------|--|
| Management Fee  | Current rate being 1.50% p.a.*   |
| Trustee Fee     | Current rate being 0.125% p.a.* (subject to a minimum of USD22,500 p.a.) |
| Performance Fee | Nil  |

\*You should note that such fee may be increased, up to a specified permitted maximum level, by giving the relevant unitholders at least 1 month' prior notice.

#### **Other fees**

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Prospectus.

### Additional Information

- You generally buy and realise units at the Sub-Fund's next-determined Net Asset Value after the authorised distributors receive your request in good order on or before 4:00p.m. (Hong Kong time) on the relevant Dealing Day. The authorised distributors may impose different dealing deadlines for receiving instructions for subscriptions, realisations or switching. Investors should pay attention to the arrangements of the authorised distributor(s) concerned.
- The Net Asset Value per unit of the Sub-Fund is calculated on each dealing day and will be published daily in the Hong Kong Economic Journal and in South China Morning Post.

### Important

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.

**APPENDIX 4**

**NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE SUB-FUND**

**NIKKO AM HONG KONG LIMITED STRATEGIC SERIES  
(the "Fund")**

**NIKKO AM CHINA MULTI ACCESS OPPORTUNITIES FUND  
(the "Sub-Fund")**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an extraordinary general meeting of the Sub-Fund will be held on 21 September 2017 at 9:00 a.m. (Hong Kong time) at the offices of Walkers, the solicitors to the Manager as to the laws of the Cayman Islands, at 15<sup>th</sup> Floor, Alexandra House, 18 Chater Road, Central, Hong Kong to consider and, if thought fit, pass the following as an extraordinary resolution:

**"RESOLVED** to approve the merger (the "Merger") of the Sub-Fund into USD class units of the Nikko AM Asian Small Mid Equity Fund (the "Receiving Fund"), a sub-fund of Nikko AM Hong Kong Investment Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong, which includes: (i) the disposal of the assets and any accrued income of the Sub-Fund to the Receiving Fund and (ii) the issue of units in the Receiving Fund to the Unitholders, pro rata to their respective interests in the assets of the Sub-Fund, in consideration for the cancellation of their units in the Sub-Fund, on the effective date of the Merger; and that Nikko Asset Management Hong Kong Limited, as Manager of the Fund, and the HSBC Trustee (Cayman) Limited, as Trustee of the Fund, be authorised to take all such action as they may consider necessary, desirable or expedient to effect the Merger."

**Dated: 29 August 2017**

**By Order of the Manager:**

**For and on behalf of  
NIKKO ASSET MANAGEMENT HONG KONG LIMITED**



Eleanor Seet  
Director

**NOTE**

Every member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A body corporate may appoint an authorised representative to attend, speak and vote on its behalf. A proxy or an authorised representative need not be a Unitholder of the Fund.

**APPENDIX 5**

**FORM OF PROXY FOR EXTRAORDINARY GENERAL MEETING OF THE SUB-FUND**

**NIKKO AM HONG KONG LIMITED STRATEGIC SERIES  
(the "Fund")**

**NIKKO AM CHINA MULTI ACCESS OPPORTUNITIES FUND  
(the "Sub-Fund")**

**EXTRAORDINARY GENERAL MEETING FORM OF PROXY**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a holder of \_\_\_\_\_ units in the Sub-Fund and entitled to vote, hereby appoint any of [name, address], or failing him/her \_\_\_\_\_ or failing him/her \_\_\_\_\_ or failing him/her the Chairman of the meeting (delete as applicable) as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Sub-Fund to be held at 9:00 a.m. (Hong Kong time) on 21 September, 2017 and at any adjournment thereof.

Please indicate with an "X" in the box below how you wish the proxy to vote.

| <b>Extraordinary Resolution:</b>   | <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|--|------------|----------------|----------------|
| <b>"RESOLVED</b> to approve the merger (the "Merger") of the Sub-Fund into USD class units of the Nikko AM Asian Small Mid Equity Fund (the "Receiving Fund"), a sub-fund of Nikko AM Hong Kong Investment Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong, which includes: (i) the disposal of the assets and any accrued income of the Sub-Fund to the Receiving Fund and (ii) the issue of units in the Receiving Fund to the Unitholders, pro rata to their respective interests in the assets of the Sub-Fund, in consideration for the cancellation of their units in the Sub-Fund, on the effective date of the Merger; and that Nikko Asset Management Hong Kong Limited, as Manager of the Fund, and the HSBC Trustee (Cayman) Limited, as Trustee of the Fund, be authorised to take all such action as they may consider necessary, desirable or expedient to effect the Merger." |            |                |                |

Unless otherwise indicated, the proxy will vote as s/he thinks fit.

Signed: \_\_\_\_\_

Name in block capitals: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTES:**

1. Unless otherwise instructed, the Proxy may vote as s/he thinks fit or abstain from voting in respect of the resolution(s) specified and also on any other business which may properly come before the Extraordinary General Meeting.
2. Where this form of proxy is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. If it is desired to appoint some other person as proxy, the name of the proxy must be inserted in the space provided instead of the option provided which should be deleted.
4. Signed forms of proxy must be returned either by post for the attention of Jermyn Wong of Nikko Asset Management Hong Kong Limited at 2401-03, 24/F, Man Yee Building, 60-68 Des Voeux Road Central, Hong Kong or by fax at +852 3940 3904 **to arrive not less than 48 hours before the time of the meeting.**
5. Unitholders present in person or by proxy entitled to vote representing not less than one-quarter of the Units for the time being in issue shall be a quorum for all purposes other than at the adjourned meeting if after 15 minutes a quorum is not achieved. If within half an hour from the time appointed for the meeting, a quorum is not present, it shall be adjourned to such day and time not being less than fifteen days thereafter and to such place as may be appointed by the Chairman of the meeting. A member entitled to attend and vote at any such adjourned meeting is entitled to appoint a proxy to attend, speak and vote in his place and that a proxy need not be a Unitholder of the Fund. This notice shall be deemed to constitute due notice of any such adjourned meeting within the meaning of the Fund's Trust Deed.