

ITEM 1: COVER PAGE

UG INVESTMENT ADVISERS LTD.

Form ADV, Part 2A
(the “Brochure”)
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This Brochure provides information about the qualifications and business practices of UG Investment Advisers Ltd. If you have any questions about the contents of this Brochure, please contact us at (886) 9-2042-9057 or by e-mail at adv@ugfunds.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about UG Investment Advisers Ltd. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Following the effectiveness of its registration with the SEC, UG Investment Advisers Ltd. may refer to itself as a “registered investment adviser.” You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

Not Applicable

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About this Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person
- an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund
- a complete discussion of the features, risks or conflicts associated with any Fund or any other product or service offered by UG Investment Advisers Ltd (“UG”).

As required by the Advisers Act, UG will provide this Brochure to any current and prospective U.S. clients prior to the commencement of UG’s advisory services and annually thereafter to any current U.S. clients. The Brochure may also be provided to current or prospective U.S. investors in a Fund, in conjunction with the Fund’s disclosure and investment documents and other relevant offering materials, such as the Fund’s Information Memorandum, prior to or in connection with such persons’ consideration or execution of an investment in a Fund, and may subsequently be provided, in UG’s discretion, annually or upon request. This Brochure is also available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of UG, persons who receive this Brochure should be aware that it is designed solely to provide information relevant to U.S. persons about UG as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in disclosure and investment documents and other relevant offering materials. More complete information about each Fund or any other product or service offered by UG is included in disclosure and investment documents and other relevant offering materials, certain of which may be provided to current and eligible prospective clients and Investors only by UG and/or its affiliates. To the extent there is any conflict between discussions herein and similar or related discussions in any such materials, the relevant disclosure and investment documents and other relevant offering materials shall govern and control.

Moreover, UG’s activities with respect to non-U.S. clients may differ from those described generally herein and UG may provide additional or different services to non-U.S. clients. UG does not generally hold itself out to non-U.S. clients as an SEC-registered adviser nor does it provide this Brochure to non-U.S. clients. Since UG does not maintain a place of business within the U.S., it may rely on SEC Staff guidance to apply local governing law, rather than the substantive provisions of the Advisers Act, to its relationships with such non-U.S. clients to the extent that activities with respect to those relationships do not constitute “conduct” or have “effects” within the U.S.

ITEM 2: MATERIAL CHANGES

UG manages certain offshore Asia-focused funds (each a “Fund” and collectively, the “Funds”). Certain Fund strategies require direct access to the securities markets of the People’s Republic of China. For such strategies, the Fund may also pay management fees to unaffiliated managers with Qualified Foreign Institutional Investor or Renminbi Qualified Foreign Institutional Investor licenses. An amended description of the additional strategies and risks associated with such strategies is included under Item 8. An amended description of issues associated with voting client securities (including particular, issues with respect to securities in the People’s Republic of China) is included under Item 17.

ITEM 4: ADVISORY BUSINESS

UG Investment Advisers Ltd. (“UG” or “**Investment Manager**”) is a Taiwan-based fund manager that focuses on investing in the Taiwanese and Greater China markets. UG manages its Funds from its offices in Taiwan and Shanghai. One such Fund, the UG Greater China Multi-Strategy Fund (“**GCMF**”), a sub-fund of a Cayman Island-domiciled umbrella mutual fund, may be offered to U.S. tax-exempt institutional investors and additional Funds or other advisory products or services may be offered to U.S. Persons in the future.

The ultimate beneficial shareholders of UG holding 25% or more of its issued shares are Ming C. Wang (who also serves as Chief Executive Officer and a Director of UG), Ming P. Wang (who also serves as Chief Compliance Officer and a Director of UG) and Su F. Kuo.

Investments for each Fund are managed in accordance with the Fund’s particular investment objectives, strategies, restrictions and guidelines and are not tailored to the individualized needs of any particular investor in a Fund, though certain Funds may take into consideration the general characteristics (*e.g.*, tax status) of its target investors. Information about each Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the governing documents (*e.g.*, offering or private placement memorandum, governing or constitutive documents, investment advisory contract) of the Funds (“**Governing Documents**”), which are made available to investors only through the UG or another authorized party. Since UG does not provide individualized advice to the investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and UG), investors must consider whether a particular Fund is appropriate to their own circumstances based on all relevant factors including, but not limited to, the investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Materials and the additional details about UG’s investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

GCMF’s investment objective is to provide investors with mid-term capital appreciation through multiple investment strategies by investing principally in the securities and/or derivatives of securities of (i) companies that are domiciled in countries which have Mandarin Chinese as one of the country’s official languages (the “**Mandarin Market**”) and/or (ii) companies that derive sales or revenue from, or have assets in, any country in the Mandarin Market, even if the shares of such company may be listed elsewhere, (collectively, the “**Mandarin Market Beneficiary Companies**”).

As of August 29, 2014, UG has regulatory assets under management of US\$576,071,985 all of which are discretionary and attributable to the Funds.

UG currently does not have any proprietary account, although UG may reinvest a certain amount of revenue collected from its advisory services into the Funds (such amounts represent approximately 38% of the asset value managed by UG).

ITEM 5: FEES AND COMPENSATION

UG is compensated for advisory services rendered to the Funds that it advises through (1) management fees and (2) performance based compensation arrangements. Management fees are generally paid monthly, in arrears, based on an annual rate against the Fund's current net asset value ("NAV"). In most cases, the management fee rate will be 2% of NAV but different investors or classes of investors may pay different fees. For Fund strategies that require **direct** access to the securities markets of the People's Republic of China, the Fund may also pay management fees to unaffiliated managers with Qualified Foreign Institutional Investor or Renminbi Qualified Foreign Institutional Investor licenses. Performance fees, when earned, are generally payable monthly, in arrears. Performance fees are generally calculated as a percentage (often 20%) of total investment return; however, each Fund may have different calculation methodologies with respect to performance fees, including high watermarks, hurdles and/or calculation based on rolling periods. Performance fees may create certain conflicts of interest, as discussed in Item 6, below.

UG or an affiliate may receive other fees from the Funds or from investors in the Funds. These include (i) fees for structuring and arranging short sales in, and for accessing, restricted markets and for establishing any investment vehicle or special purpose vehicle in any country as UG sees fit. Such fees are generally equivalent to 0.25% per annum of each Fund's NAV and payable monthly in arrears by each Fund. There may also be charges in connection with an investor's investment in or redemption from a Fund. However, different investors or classes of investors may pay different fees.

Each Fund also bears all costs of its trading and investment activities. Such expenses may include, but are not limited to, commissions and fees (e.g., execution, give-up, brokerage, exchange, clearing, principal, and regulatory), margin, option premiums, delivery, escrow and custody fees and expenses (including administrator, valuation, registrar and any other transaction handling fees), research fees, taxes, duties and other governmental charges, costs associated with foreign exchange transactions, advisor fees, insurance costs, interest expenses, acquisition costs, due diligence costs (including travel expenses), transfer and registration fees, legal and accounting fees and expenses and costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of funds in which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts.

Additionally, each Fund generally pays all of its ordinary organizational, offering, administrative, and operating expenses, including, but not limited to, ordinary and recurring legal, accounting, escrow, auditing, recordkeeping, administration, fund accounting, directors' fees, and certain clerical expenses including those incurred in preparing, printing and mailing reports and tax information to investors and regulatory authorities, expenses for specialized administrative services, filing fees and taxes. Additional fees (e.g., wire transfer charges) may be imposed by service providers.

Please see Item 12 of this Brochure for further discussion of UG's brokerage practices.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

UG's income with respect to its investment advisory business is partially derived from performance fees from the Funds. Individuals within the firm may also be compensated based on performance.

General Conflicts of Interest Associated with Performance Fees: Performance fees may result in an incentive to achieve gains that exceeds the disincentive to suffer losses. In these cases, UG faces a potential conflict of interest in that it would have an incentive to choose investments that are relatively riskier or more speculative than it might have chosen absent these structures. This incentive is mitigated, to an extent, by the requirement that UG adhere to the investment limitations and guidelines set forth in each Fund's documents. In addition, because performance fees may be based on unrealized as well as realized gains and losses, such fees may be calculated and paid based on valuations that are not ultimately achieved. This may create an incentive for UG to adopt higher valuations in respect of portfolio securities. Because of this conflict with respect to valuations, UG has procedures in place that generally require valuations to be performed by independent third-parties such as administrators or custodians.

Conflicts of Interest Associated with Differential Fee Structures or Pecuniary Interests: Not all accounts will pay performance fees and the rates and nature of performance fee calculations for each Fund that has a performance fee may vary; for example some Funds, including GCMF, are subject to a "high watermark" provision, pursuant to which performance fees are subject to investment performance exceeding a previously established level, creating an incentive for UG and its personnel to favor Funds that are at or above a high watermark (or which do not have a high watermark) over Funds that are below the high watermark. Additionally, UG, its affiliates and its personnel may invest in one or more Funds. As a result, UG or such other persons may have differing pecuniary interests with respect to the Funds; potentially creating an incentive to favor one or more Funds over others. This may create a variety of conflicts of interest, including an incentive for UG to allocate investments that are believed to be more likely to be profitable to Funds or accounts in which UG has a greater pecuniary or compensatory interest. Similarly, where there are differential interests and action taken on behalf of one Fund might impact another Fund, because such Funds have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflict strategies or investments or have differential ability to engage in short sales and similar transactions, UG may have an incentive to take action in a manner that favors the Fund(s) in which UG has a greater interest. To mitigate these conflicts, UG has adopted a variety of policies and procedures that seek to assure that UG makes investment and other relevant decisions in a manner that is insulated, to the extent possible, from these conflicts. In particular, UG's Code of Ethics requires that UG, as a fiduciary, place its clients' interests above its own and UG's trading and allocation policies and practices are reasonably designed to promote fair and equitable treatment of clients over time.

ITEM 7: TYPES OF CLIENTS

UG will provide on-going discretionary management and investment advice to GCMF, as well as its other Funds, and not to the individual investors in such Funds. UG may service additional types of clients in the future, including U.S. Persons. Funds may, but will not necessarily, employ a “master-feeder” structure for regulatory, tax or investment purposes. Generally, a master-feeder structure vests trading operations in one or more “master” funds while investors may typically access the master fund(s) only through one or more “feeder” funds. These feeder funds, in turn, invest (directly or indirectly) in the master fund(s). Funds may be organized within the U.S. (typically as Delaware Limited Liability Companies and each such Fund shall be referred to herein as a “**U.S. Fund**”) but it is generally anticipated that most of the Funds will be organized outside the U.S. (an “**Offshore Fund**”). It is expected that any master fund will be an Offshore Fund while feeder funds may be US Funds or Offshore Funds.

UG expects that each U.S. Fund (and any Offshore Fund in which U.S. Persons invest) that invests primarily in securities will be excepted from the definition of an “investment company” for purposes of the Investment Company Act of 1940 (the “**1940 Act**”) pursuant to Section 3(c)(1) of the 1940 Act (“**3(c)(1) Funds**”) or Section 3(c)(7) of the 1940 Act (“**3(c)(7) Funds**”) and that securities issued by such Funds will not be registered under the Securities Act of 1933 (the “**1933 Act**”). Certain Funds may be “commodity pools” for purposes of the Commodity Exchange Act (“**CEA**”) and related regulations administered by the U.S. Commodity Futures Trading Commission (“**CFTC**”). UG or a Fund may rely on CFTC exemptions with respect to such commodity pools.

Compliance with these exceptions (and other applicable law) requires the Funds to restrict the classes of persons who may invest. Interests in 3(c)(1) Funds generally may be offered only to persons who are “accredited investors” as defined in Regulation D under the 1933 Act and, where such Fund pays a performance based fee, “qualified clients” as defined in Rule 205-3 under the Advisers Act. Interests in 3(c)(7) Funds generally must be offered to persons who are both “accredited investors” as defined in Regulation D under the 1933 Act and “qualified purchasers” as defined by Section 2(a)(51) of the 1940 Act. However, interests in any Offshore Fund may also be offered outside the U.S. to persons who are not “U.S. Persons” as defined in Regulation S under the 1933 Act and, in this respect, certain Offshore Funds may be authorized for public distribution in certain non-U.S. jurisdictions. Offshore Funds may also be offered on a private placement basis to U.S. entities (typically tax exempt) who meet the applicable eligibility requirements. Investors may also be subject to additional eligibility requirements, as set forth in the relevant Governing Documents. For example, investors in Funds for which UG is a commodity pool operator that is (i) exempt from certain reporting, recordkeeping and disclosure requirements pursuant to Rule 4.7 under the CEA or (ii) exempt from registration and related requirements pursuant to Rule 4.13(a)(3), or other provisions of or rules under the CEA may be required to meet additional requirements. UG’s personnel (including, but not limited to, portfolio management personnel responsible for the management of the Funds) who are “knowledgeable employees” (as defined in Rule 3c-5 under the 1940 Act) or who meet the Fund’s eligibility criteria may invest in the Funds. UG, its affiliates or its related persons may also hold interests in Funds and may have different compensatory, investment or pecuniary interests in such Funds, including some which follow similar, complementary or competing strategies. Investments in a Fund may be subject to initial minimum commitment requirements and there may also be minimum requirements imposed for additional investments as well as minimum continuing commitment requirements in the event of a partial redemption. Any such requirements will be set forth in the Fund’s governing documents. In some cases, UG will have authority to waive such requirements. Investors in the Funds may be required to provide certain identifying information in connection with their applications to subscribe. UG may be subject to and will comply with all applicable laws (including U.S. Regulation S-P) enforced by the U.S. Securities and

Exchange Commission and other regulators in the United States that govern privacy of information. UG will not share any information (including its investors' information) that it collects unless permitted by applicable law.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

This Item 8 includes a general description of the investment strategies applicable to, and the types of investments held by, Funds in which US Persons are eligible to invest as well as the primary risks associated with those investments and strategies, as it is not possible to identify all of the risks that could be associated with investing and the particular risks applicable to a Fund at any time depends on a variety of factors including the instruments held and strategies pursued from time to time. While UG seeks to manage Funds so that risks are appropriate to the return potential for the strategy or strategies employed, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that any particular level of return will be achieved.

A Fund is not intended to provide a complete investment program for an investor and UG expects that assets invested in a Fund do not constitute all of an investor's assets. A Fund's investments may be limited to, or concentrate in, certain types of issuers, securities, regions or market sectors and may not be diversified. For example, UG's strategies may focus on, and may be limited to, investments related to the "Mandarin Market", as described above, which may result in concentrated exposure to risks related to the Mandarin Market.

An investor could lose some or all of its investment and should be prepared to bear the risk of such potential losses, including through diversification. Investors are responsible for appropriate diversification of their assets.

Currently, US Persons are limited to investments in GCMF, which seeks mid-term capital appreciation through multiple investment strategies by investing principally in the securities and/or derivatives of securities of Mandarin Market Beneficiary Companies. Such investment strategies include, but are not limited to:

- a) Closed-end fund strategy involves investing long or short in closed-end funds traded at a discount or premium, as well as seeking potential arbitrage opportunities;
- b) Convertible arbitrage involves investing in the convertible fixed income securities of a company while simultaneously shorting the company's equity securities. Convertible arbitrage strategies seek to generate returns both from the fixed income of the convertible security and the short sale of the equity, while also seeking to insulate principal from market fluctuation to some extent. When convertible arbitrage involves an asset swap instrument, such strategy is aimed at taking advantage of the cheap option of the convertible security and simultaneously short-hedging the company's equity securities, while also seeking to mitigate the credit risk of the company if applicable.
- c) Equity-market neutral strategy seeks to exploit equity-market inefficiencies through investing in a portfolio that is long positions in stocks that UG believes may be expected to outperform the market and short positions in stocks that UG believes may be expected to underperform the market;
- d) Managed futures and options strategy invests in futures and options linked to stock indices by analyzing technical, fundamental indicators to determine whether to implement a short or long strategy;
- e) Event driven strategies seek to capture price movements derived from securities whose issuers are

involved in mergers, divestitures, restructurings, other corporate events or special investment themes; and

- f) Long/short strategy seeks opportunistic net long or net short exposure to the market based upon UG's short- to mid-term market view. This strategy seeks to add value through selecting which stocks/sectors to go long or short on, but it also adds value by deciding when to go net long or net short.

The Fund may make investments in the Mainland Chinese securities market via quotas granted to Qualified Foreign Institutional Investors (“**QFIIs**”) or Renminbi Qualified Foreign Institutional Investors (the “**RQFIIs**”) in accordance with the relevant QFII/RQFII rules and regulations (the “**QFII Regulations**”), given the Fund does not have QFII or RQFII licenses currently. In respect of such investments, the Fund may appoint certain QFIIs/RQFIIs to handle investments in respect of certain parts of the Fund's assets that may be invested in the Mainland Chinese securities market via the relevant QFII/RQFII quotas respectively attributable to such QFIIs/RQFIIs (the “**QFII Quota Managers**”). Such investments will be managed according to the investment parameters, objectives and/or strategies directed by UG and agreed by UG and the QFII Quota Manager.

Cash Positions. While the Fund is generally expected to be fully invested, it may hold cash positions for investment, defensive, hedging or collateral purposes or as a result of contributions or in anticipation of redemptions. Where a Fund invests significantly in derivatives, it is often necessary to hold a significant portion of their portfolio in cash (or similar assets such as government securities or money market instruments) either as margin or otherwise. When a Fund holds cash positions, it will generally continue to pay fees on these assets to UG and such fees will typically be in excess of potential returns on cash or cash equivalents. Cash may be held in the form of shares of money market funds, in which case investors would, in effect, pay two advisory fees with respect to the portion of the Fund so invested (i.e., the money market fund's fees and expenses and that portion of UG's fee attributable to such assets). The total cost of these fees may exceed any gains earned by an Account on the cash positions it holds. Cash positions may be held in any currency deemed appropriate by UG and may, therefore, be subject to currency risk, as described below.

The Fund is subject to a variety of risks, which may be particularly pronounced as a result of concentration in the Mandarin Market, in particular issuers or sectors, or as a result of leverage. Potential material risks associated with the Fund's investment program may include, but are not necessarily limited to, the following (a more complete description of risks is included in the Fund's offering materials):

- a) **Potential Market Volatility:** the securities of small companies may often experience significant price volatility and potential lack of liquidity. Additionally, the markets on which interests in Mandarin Market issuers or Mandarin Market Beneficiary Companies trade may not be as developed as other markets, including the US Markets and may be more susceptible to fraud.
- b) **Political and Economic Risks:** uncertainties in any changes to government policies or legislation in the countries in which the Fund may invest may adversely affect the political or economic stability in such place. Additionally, political and legal environments in some of the Asian emerging markets are still developing and in many areas are neither entirely transparent nor entirely stable. Relevant foreign investment regulations, such as taxation and investment prohibitions, in these markets may change without prior notice.
- c) **Accounting Standards:** accounting standards and regulatory requirements of financial reporting in

some developing markets differ from those in developed markets and fulsome financial disclosure information with respect to issuers may not be available.

- d) **Currency Exchange Risk and Repatriation Risks:** the Fund is denominated in US Dollars but most of its investments will be denominated in currencies other than US Dollars; foreign exchange controls and delays in relevant repatriation applications and payment processes in some countries may cause difficulties in the repatriation of funds.
- e) **Emerging Markets:** the Funds may invest in emerging markets, including Mainland China. Investment in such markets involves risk factors and special considerations, including the following, which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalization or other confiscation could result in loss to the Funds. Under certain circumstances, delays in repatriation applications and/or payment processes may cause difficulties in the repatriation of funds from such countries and, accordingly, delay the timely settlement of redemption proceeds. By comparison with more developed securities markets, most emerging countries' securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing and registration procedures may be under-developed, enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to more developed markets.
- f) **High-Yield Securities:** the Funds may make investments rated below investment-grade (or of similar quality if unrated), known as "high-yield securities" or "junk bonds." High-yield securities are subject to greater levels of credit and liquidity risks. High-yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments.
- g) **Credit Risk and Convertible Bond Default:** overall creditworthiness of the issuers of the equity stocks and/or other securities (whether a direct investment or via a derivative arrangement), as well as the counterparties to hedging contracts may deteriorate in the longer term and, in turn, incur defaults or become unable to honor financial obligations. Also, convertible bond investments are closely tied to the long-term credit of the bond's underlying company. Accordingly, there is the possibility of unexpected credit defaults and sudden declines in the value of the investments caused by the underlying company's bankruptcy, liquidation and/or any other financial crisis.
- h) **Custody Risk:** assets deposited with and held as collateral by any prime broker may therefore be available to the creditors of such persons in the event of their insolvency.
- i) **Mainland China Tax:** Qualified Foreign Institutional Investors ("**QFIIs**") and Renminbi Qualified Foreign Institutional Investors (the "**RQFIIs**") investing in domestic Mainland Chinese securities (collectively the "**A-shares**") are subject to a withholding tax of 10% on dividends, distributions and interest from A-shares. Special tax treatment and tax refunds, resulting in an effective tax rate of less than 10% on dividends, distributions and interest, may be available under tax treaties. However, whether or not QFIIs or RQFIIs will share any such tax treaty benefits with the Funds is uncertain. Furthermore, it is uncertain whether distributions from certain vehicles, such as mutual funds, will be subject to the 10% withholding tax.

Moreover, the Mainland Chinese tax authorities have not clarified whether income tax and other tax categories are payable on capital gains arising from A-share trading activity of QFIIs or RQFIIs. It is, therefore, possible that the relevant tax authorities may, in the future, clarify the tax position and impose an income tax or withholding tax on realized gains by QFIIs or RQFIIs arising from dealing in A-shares.

- j) Tax Provisions: the Funds invest in Mainland China via QFII or RQFII quotas provided by brokers or QFII Quota Managers (for direct access purpose) or in derivative instruments linked to A-shares issued via QFII or RQFII quotas by brokers or their respective affiliates and have made tax provisions (the “**Tax Provisions**”) for certain capital gains and the dividends/distribution/interest in response to guidance from Mainland tax authorities. However, such Tax Provisions made may be inadequate to meet the Funds’ ultimate Mainland Chinese tax liabilities. Any tax payable in excess of the Tax Provisions shall be paid by the relevant Fund and may have a negative impact on such Fund’s NAV and shareholders at that point in time.

The Directors of the Funds may (in their discretion, by reference to any recommendation from UG and with the prior agreement of the relevant QFII broker(s) or QFII Quota Manager(s)) from time to time adjust the Tax Provision allocation among Funds, or any other event that may otherwise, in the Directors' discretion, require a different allocation than the one currently in place.

- k) QFII Broker Credit Risk: a QFII broker or its affiliate suffering an adverse change in its financial condition or future prospects will be a higher credit risk, and may, potentially, default or become unable to honor its financial obligations (the “QFII Broker Credit Risk”). This may have adverse effects on the value of the Funds’ investments.

Pursuant to agreement(s) entered into with its QFII broker(s), the QFII brokers shall hold in escrow the Tax Provisions made for the Funds for reimbursement of tax to be imposed on, and payable by, the relevant QFII brokers to the Mainland Chinese tax authorities. The Funds shall bear the QFII Broker Credit Risk until the surplus Tax Provisions (if any) are repaid to the Funds after payment of the relevant tax to the Mainland Chinese tax authorities or until the repayment of Tax Provisions (if any) are received from the QFII brokers if the Mainland Chinese tax authorities do not determine all of the amount of tax payable by the relevant QFII brokers prior to the expiry of any time period specified in the relevant agreement entered into with such QFII broker.

In this event, in addition to the QFII Broker Credit Risk, the Funds shall also be liable to the relevant QFII brokers for any taxes payable by the QFII brokers arising from a subsequent clarification of PRC tax law, which shall be reimbursed by the Funds and which may have a negative impact on the prevailing existing shareholders.

- l) QFII/RQFII Systems Risk: the Fund may obtain direct access to securities or other permissible investments in Mainland China via the QFII Quota Managers’ QFII/RQFII quotas. A QFII Quota Manager’s QFII/RQFII status could be suspended or revoked, which may have an adverse effect on the Fund’s performance as the Fund may be required to dispose of its securities holdings.

- *QFII/RQFII regulatory risk*: the current QFII Regulations (including rules on investment restrictions) are subject to change, which may take retrospective effect. There is no assurance that the QFII Regulations will not be abolished. In addition, there can be no assurance that additional QFII/RQFII quota can be obtained to fully satisfy subscription requests. In extreme circumstances, the Fund may incur loss due to limited investment capabilities, or may not be able to fully implement

or pursue its investment objectives or strategies, due to such QFII/RQFII investment restrictions and delay or disruption in execution of trades or in settlement of trades.

- *QFII/RQFII related execution and settlement risk*: execution and settlement of any transaction or in the transfer of any funds or securities in Mainland China are conducted through a Mainland Chinese broker (a “PRC Broker”) or a Mainland Chinese custodian (a “PRC Custodian”), as the case may be. In the event of any default of either a PRC Broker or the PRC Custodian (either directly or through its delegate) in the execution or settlement of any transaction or in the transfer of any funds or securities in Mainland China, the Fund may encounter delays in recovering its assets which may, in turn, impact the net asset value of the Fund.

- *Repatriation risk*: repatriations by QFII Quota Managers conducted in foreign currencies/RMB (as the case may be) for the Fund are subject to certain restrictions. Such restrictions on repatriation of the invested capital (such as an initial lock-up period of 1 year) and net profits may impact on the Fund’s ability to meet redemption requests.

The rules and restrictions under QFII Regulations, including rules on remittance of principal/profits and investment restrictions, generally apply to the QFII/RQFIIs and not specifically to the investments made by the Fund. The size of the QFII/RQFII quota may be cancelled if a QFII/RQFII is unable to use its QFII/RQFII quota effectively within one year. A reduction of the QFII/RQFII’s quota may affect the QFII Quota Manager’s ability to pursue the Fund’s investment strategy. Mainland authorities may impose regulatory sanctions if a QFII Quota Manager or its PRC Custodian delegate violates the QFII Regulations. Violations could result in the revocation of the QFII/RQFII quota or other regulatory sanctions and may adversely impact the QFII/RQFII quota made available for investment to the Fund.

- m) Index Futures: leveraging in index futures contracts may result in small price movements in the underlying instruments causing rapid falls and increases in the value of the contracts and hence, large losses or profits. In addition, a Fund’s position in such transactions may not be capable of being closed out in certain circumstances.
- n) Index Options: a call or put option on index futures contract provides a right to investors to buy or sell respectively an index futures contract at a pre-determined price. Since the cost of such an option is usually much less than the cost of the underlying index futures contract, an increase in the value of the index futures contract will generally cause the value of the call option to increase at a greater rate and may cause the put option to become valueless. Similarly, a fall in the value of an index futures contract will generally cause the value of the put option to increase at a greater rate and may cause the call option to become valueless. Investment in any call and put options on index futures contracts by a Fund may, therefore, cause the NAV of the Fund to increase or decrease at a greater rate than would otherwise be the case if the investment had been made instead in the underlying index futures contract.
- o) Share Warrants or Options: a share call warrant or option provides a right to investors to subscribe for a fixed number of shares at a pre-determined price. Since the price of such a call warrant or option is usually much less than the price of the underlying shares, an increase in the share price will generally cause the value of the call warrant or option to increase at a greater rate. On the other hand, a fall in the share price may cause the call warrant or option to become valueless. A share put warrant or option, which provides a right to investors to sell a fixed number of shares at a pre-determined price, has the reverse effects on share price as a call warrant or option. Investment

in any share warrants or options will, therefore, cause the NAV of a Fund to increase or decrease at a greater rate than would be the case if the investment had instead been made directly in the underlying shares.

- p) **Short Sales:** a short sale involves the sale of a security that a Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To deliver to the buyer, a Fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security.
- q) **Counterparty Risk:** certain of the strategies managed by UG may require Funds to post margin with various financial institutions as collateral for positions held by such Funds. The financial institutions, including the brokers and futures commission merchants, may encounter financial difficulties that impair their operational capabilities or capital position. Specifically, recent events in the credit market have challenged the financial stability of a number of established financial institutions. In the event that one of these financial institutions becomes bankrupt and fails to segregate a Fund's assets as may be required under law or applicable agreement, the Fund may be subject to a risk of loss for any deficiency. Even if the Fund does not lose its assets held at a particular financial institution, the Fund could incur market losses as a result of financial difficulties at such institutions. In addition, non-U.S. institutions, including non-U.S. brokers, may be subject to different bankruptcy or other regulatory regimes, including regimes applicable to segregation of customer property, than those applicable to U.S. institutions, and in doing business with such non-U.S. institutions, a Fund may not be afforded certain of the protective measures provided under applicable U.S. regulations.
- r) **Systematic Trading Risk:** UG may employ systematic trading strategies, which are based on technical and statistical trading systems involving, among other things, trend analysis and other factors relating to the market itself. The profitability of such systematic trading depends upon the occurrence in the future of market moves in line with UG's analysis of market data. In this respect, the application of past market data is an imperfect predictor of future results and, accordingly, rigid adherence to a systematic trading system may result in missed opportunities or in losses that an exercise of discretion might have avoided.
- s) **Counterparty Deleveraging and Change in Overall Market Leverage Risk:** deleveraging as a consequence of a decision to reduce the level of leverage available by any prime broker, custodian or other counterparties with which the Fund enters into derivative transactions, or the liquidation by other market participants of the same or similar positions may also adversely affect the Fund's portfolio.
- t) **Investment Techniques:** the use of speculative investment techniques including leveraging and short-selling may cause Funds to become highly sensitive to the fluctuations in interest rates, exchange rates, other movements in the financial market indicators and prices of securities and may, therefore, cause significant fluctuation in the NAV of such Funds.

Prior to investing in the Fund, prospective investors should consult and carefully consider the more detailed description of the investment objectives, strategies and risk factors of the Fund set forth in the Fund's offering documents.

As noted above, the Fund primarily focuses on investing in the Mandarin Market – public, private and

derivatives. In this respect, and to achieve exposure to the Mandarin Market, the Fund may invest in limited partnerships, limited liability companies or similar structures holding a variety of investments and may also use swaps, derivatives, options, and other financial instruments and engage in currency-related transactions for investment or hedging purposes. Certain of these transactions may require the execution of specialized documentation associated with a particular trade and the opening of accounts with brokerage, execution or clearing firms. For example, swap contracts are typically governed by ISDA Master Agreements, Schedules, Confirmations and, where applicable, Credit Support Annexes that UG may negotiate and enter into on behalf of the Fund. Other agreements that may be necessary in connection with these and similar transactions include futures agreements, option agreements and repurchase agreements. UG seeks to negotiate industry standard terms (or better) when entering into such arrangements on behalf of the Fund.

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A Fund may be a commodity pool. In such cases, UG is a commodity pool operator or a commodity trading advisor, as applicable, that is (i) exempt from certain reporting, recordkeeping and disclosure requirements pursuant to Rule 4.7 under the CEA; or (ii) exempt from registration and related requirements pursuant to, Rule 4.13(a)(3) or other provisions of or rules under the CEA.

UG Investment Advisers (Shanghai) Ltd. (“**UG Shanghai**”), a wholly-owned subsidiary of UG, is incorporated as an advisory firm in Shanghai, China. UG Shanghai does not provide any type of financial or other services in the U.S. or to U.S. persons. UG Shanghai shares the same personnel, resources, and office equipments with UG but only provides advisory services to certain local financial institutions in China which have different portfolio construction guidelines with long-only investment instruments available, which are different from UG’s client accounts (although there may be situations where such accounts and UG’s client accounts do invest in overlapping holdings). When personnel and resources are shared between UG and UG Shanghai, the firms and such personnel may have a conflict of interests with respect to the allocation of time, attention and resources as well as, in some cases, investment opportunities among the firm’s respective clients, as the firms and the shared personnel have an incentive to favor accounts in which they may have greater pecuniary interests (including compensatory and investment interests) over other accounts. UG and UG Shanghai seek to assure that personnel devote appropriate time, attention to all accounts and has adopted policies and procedures, including regular meetings of relevant portfolio management, research and trading personnel (the “**Investment Group**”) intended to reasonably assure that investment opportunities are allocated fairly and equitably over time and in a manner that is consistent with a Fund’s investment objectives, policies and restrictions.

UG may appoint sub-investment managers, investment advisers and other agents to provide it with assistance in its management of a Fund. UG does not anticipate appointing UG Shanghai in such a role nor does it anticipate appointing any investment adviser from which it would receive direct or indirect compensation in connection with such service or with which it has other significant business arrangements.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Subject to compliance with UG's relevant policies and procedures, including its Code of Ethics ("**Code**") and applicable law, UG and its personnel may invest in securities held by a Fund or other client account managed by UG. UG personnel may invest in Funds which, in turn, may invest in securities held by other Funds. UG and UG Shanghai advise a variety of clients and may rely on various, complementary, competing and, in some cases conflicting, investment strategies. In performing its advisory services, UG may give advice and take action with respect to any such client account or for its own accounts or the account of an access person, that may differ from actions taken on behalf of other accounts. UG is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling for any account any security that UG or an access person may buy or sell for its or their own accounts or for any other account that UG manages. Additionally, UG, UG Shanghai and their respective personnel may invest or otherwise have an interest, either directly or indirectly, in a Fund which, in turn, may invest, directly or indirectly, in securities held by other UG Accounts.

Officers and employees of UG may have interests in securities owned by or recommended to UG's clients (either directly or through an investment in a Fund). As these situations (as well as personal trading or other activities engaged in by UG personnel) lead to potential conflicts of interest, UG has implemented policies and procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve conflicts appropriately, if they do occur.

Code of Ethics

UG's Code was adopted in accordance with Rule 204A-1 under the Advisers Act ("**Rule 204A-1**") to govern personal transactions by access persons and to assure that their interests do not conflict with client (or, as applicable, investor) interests. As such, UG's Code includes: (i) standards of business conduct, requiring that persons covered by the Code comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing the personal investment activities of relevant personnel and requiring the submission by such persons of reports regarding their personal trading accounts and activities; and (iii) an insider trading policy, adopted in conformity with Section 204A of the Advisers Act.

Currently, all employees, officers, directors and principals of UG are considered to be access persons for purposes of the Code. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability.

You may obtain a copy of UG's Code upon request by contacting UG. UG's contact information appears on the cover page of this Brochure.

Standards of Business Conduct

A basic tenet of UG's Code is that the interests of clients (*i.e.*, the Funds) are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. UG's standards of business conduct, among other things require that access persons: (i) treat clients fairly and consistently with UG's compliance procedures, (ii) provide disinterested advice to clients insulated from personal or business conflicts of interest and (iii) report potential violations of the Code to UG's Chief Compliance Officer

(“CCO”).

Personal Securities Transactions Policy

UG’s Code also includes a personal securities transactions policy which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. In particular, the Code requires access persons to obtain the approval of the CCO prior to investing in securities listed on the firm’s restricted list or in initial public offerings (“**IPOs**”) and limited offerings (as defined by Rule 204A-1), provided that such pre-approval with respect to interests in a Fund will be evidenced through the regular subscription process for such investments. Additionally, UG sets out procedures to be followed for trading in personal securities which include but are not limited to, initial (upon joining UG) and periodic account disclosure, a requirement to report on new account opening and a minimum holding period (generally 12 months) for securities. The Restricted List is periodically updated by UG as appropriate to reflect when UG or its personnel are in possession of material, non-public information with respect to securities. In appropriate circumstances the CCO may grant waivers to the Code’s restrictions.

Insider Trading Policy

UG and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, UG may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether such other person is an advisory client. Accordingly, should UG come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of its managed Accounts, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, such Accounts when following policies and procedures designed to comply with law. Accordingly, UG’s Code includes an “Insider Trading Policy” (in addition to the personal securities transaction policy described above) which establishes procedures to prevent the misuse of material nonpublic information by UG’s supervised persons.

Reporting Requirements under the Code

To assist UG in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted to and reviewed by the CCO or the CCO’s designate. The CCO’s reports and pre-clearance requests will be reviewed by the CEO. If any violation of the Code, fiduciary duty or applicable law with respect to trading activities is determined to have occurred, the CCO may impose sanctions and take such other actions, including, without limitation, requiring that the trades in question be reversed and/or profits be disgorged.

ITEM 12: BROKERAGE PRACTICES

Investment and brokerage decisions are made by UG's portfolio managers and traders, with assistance from other relevant personnel. In placing transactions, UG seeks to (i) determine each Fund's trading requirements, (ii) select appropriate trading methods, venues and agents to execute the trades under the circumstances, (iii) evaluate market liquidity of each security and take appropriate steps to mitigate excessive market impact, to the extent practicable, (iv) maintain confidentiality and proprietary information inherent in the decision to trade, and (v) review the results of executions on a periodic basis.

UG's Investment Group/trading team periodically considers and reviews the firm's trading practices, including the quality of executions received and commission rates paid, in order to determine what changes, if any, should be made in its brokerage arrangements. The goal of this process is to exercise reasonable, good faith judgment to select broker-dealers or other trading venues (collectively, for purposes of this discussion, "**brokers**") that will consistently provide quality execution at acceptable cost. Periodic reviews by UG include: (i) Trades Transacted with the Broker (such as product type, volume)/Commission Reviews; and (ii) Periodic Broker Fee Schedule and Service Level Reviews.

The following summarizes UG's policies with respect to its exercise of brokerage discretion on behalf of the Funds.

Selection Criteria for Brokers and Dealers

UG places orders for the purchase or sale of securities with the primary objective of seeking prompt execution of orders at the most favorable net price and execution readily obtainable from responsible brokers at competitive commission rates considering all relevant circumstances. UG insists on a high standard of quality regarding execution services and deals only with brokers that can meet that standard. The commission rates paid by UG are reviewed on a regular basis. UG also places value on brokers who are able to provide useful research assistance and quality client service although, as discussed below, UG does not enter into formal soft dollar arrangements with brokers.

UG's objective in selecting brokers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution readily available under the circumstances and given the requirements of the trade for a Fund's portfolio transactions. The best net result, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, UG recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no one broker will likely be judged the best at every relevant factor as a general matter or with respect to any particular transaction.

The following list, which is not meant to be exhaustive or exclusive, illustrates some of the factors that UG considers with respect to broker selection:

- UG's knowledge of negotiated commission rates and spreads currently available, to seek to determine whether the broker's rates are competitive and reasonable and the broker's ability to provide the best price, net of brokerage commissions, spreads or other costs;
- the broker's perceived knowledge of, and expertise in, securities, issuers and markets in which Funds invest and the broker's apparent familiarity with the sources from or to whom particular securities might be purchased or sold;

- the nature of the security being traded;
- the size and type of the transaction;
- the desired timing of the trade and the broker's ability to meet UG's required or requested speed of execution;
- the activity existing and expected in the market for the particular security; and
- the quality of research and brokerage services provided by the broker

The trading team has ultimate discretion, subject to applicable law and any restrictions set forth in the Fund's offering documents, to select the appropriate manner and venue for trading and oversees broker-dealer(s) to ensure that orders are executed timely.

Commission Rates or Equivalents Policy

UG endeavors to be aware of current charges of available brokers and to minimize the expense incurred for effecting Fund transactions to the extent consistent with the interests and policies of its Funds. As noted above, UG periodically reviews the quality of executions received from the brokers it uses, and may consider the services of other brokers who may be available to execute Fund transactions, when evaluating UG's efforts in seeking best execution. Any broker that has provided (or who may be reasonably expected to provide) acceptable performance and whose financial condition and commission rates are amenable to UG may be selected to execute transactions for Funds.

UG uses a number of different brokers and may pay higher commission rates to those whose execution capabilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results for the Funds. As part of this determination, UG recognizes that some brokerage firms are better than other firms at executing certain types of orders (and that some brokerage firms are better at executing certain types of orders than other types of orders). Thus, it may be in the best interests of the Funds if UG uses a broker whose commission rates are not the lowest, but whose executions may result in lower overall transaction costs or improved execution quality. The overriding consideration in choosing broker to execute client orders is to seek to maximize client profits (or minimize losses) through a combination of controlling transaction and securities costs, identifying and obtaining potential improvements in execution quality and seeking the most effective uses of the brokers' relevant capabilities.

"Soft Dollar" or Research/Execution Policy

Brokers typically provide a bundle of services including research and execution of transactions. As noted above, UG may consider research and other services provided by brokers in making trading decisions and, as it deems appropriate, may use a portion of the commissions generated when executing Fund transactions (commonly referred to as "**soft dollars**") to acquire useful research and brokerage services ("**soft dollar items**") in a manner consistent with the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934. Under the safe harbor, as it has been interpreted by the SEC, UG may use soft dollars to acquire soft dollar items, to the extent appropriate and permitted by law, when such items assist UG in meeting the Fund's investment objectives or in managing the Funds. UG will not enter into any agreement or understanding with a broker that would obligate UG to direct a specific amount of brokerage transactions or commissions in return for such soft dollar items. UG does not have any formal soft dollar arrangements in place but may receive soft dollar benefits, such as research, from brokers.

Research services provided by a broker can be either proprietary (created and provided by the broker, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by the broker). UG may obtain either type of research and any permissible brokerage service which allows UG, at no direct cost, to among other things: (i) supplement and enhance its own research and analysis activities; (ii) receive the views and information of individuals and research staffs of other securities firms; and (iii) gain access to persons having special expertise on certain companies, industries, areas of economy and market factors.

Thus, in allocating brokerage, and consistent with UG's policies and procedures, UG takes into account the value of permissible soft dollar services provided by a broker, and may pay a higher rate or amount of commissions to brokers who provide soft dollar items, as long as doing so is not inconsistent with the objective of seeking best price and execution for Fund transactions. UG's policies with respect to the use of soft dollars are generally consistent with the safe harbor except (a) when local laws, rules and regulations applicable to the markets or brokers through which UG executes Fund transactions impose limitations or restrictions that are in excess of those imposed by Section 28(e), which may limit UG's ability to maximize its use of client commissions for the benefit of the Funds and (b) UG may receive some benefits from a broker (such as capital introductions) that are outside the Section 28(e) safe harbor.

Research obtained with soft dollars will not always be utilized by UG for the specific Fund that generated the soft dollar benefits. It should be noted that the value of many soft dollar items cannot be measured precisely and commissions paid for such items certainly cannot always be allocated to Funds in direct proportion to the value of the services to each Fund. Because, as discussed below, UG may batch Fund transactions, brokerage commissions attributable to one or more Funds may be allocated to brokers who provide statistical data and other research used by UG in managing other Funds, and vice versa.

In selecting brokers that provide research or other products or services in addition to trade execution, potential conflicts of interest may arise between UG and the Funds because UG does not produce or pay for these research reports, products or services, but rather uses brokerage commissions generated by Fund transactions to obtain them. During the fiscal year ended December 31, 2013, UG received, from brokers involved in executing client transactions, proprietary research and certain financial newsletters and trade journals, access to seminars and conferences and market/financial data.

Allocation and Aggregation Policy

Because the size and mandate of Funds differ, securities held by Funds are not generally identical. In appropriate circumstances, any Fund managed by UG may purchase or sell a security prior to other Funds managed by UG. This could occur, for example, as a result of the specific investment objectives of the Fund, different cash resources arising from contributions or withdrawals, or the purchase of a small position to assess the overall investment desirability of a security. In most circumstances, transactions for each Fund are effected independently and trade orders are therefore placed separately for each Fund, unless UG independently determines to purchase or sell the same securities for several Funds at approximately the same time. As a result, investments are generally not allocated pro rata to the Funds.

However, Funds that are managed to the same or similar strategies may have similar or identical portfolio compositions and weightings and may seek to acquire or dispose of the same securities contemporaneously. As part of the duty to seek best execution and to the extent consistent with relevant investment advisory agreements and Fund Governing Documents, UG may, but is not required to, "bunch" or batch together trade orders for such Funds and allocate the trades, in a manner that is fair and equitable over time, across participating Funds. Use of batch transactions may allow UG to negotiate more favorable prices, obtain

more timely, efficient and equitable executions or reduce overall commission charges. While UG may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for the Funds, and because UG may direct transactions to brokers based on both their ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to UG, a Fund may not always pay the lowest available commission rates when its trades are effected in this manner, so long as UG believes that the batched transaction is consistent with UG's duty to seek best execution.

When aggregating trade orders, UG seeks to aggregate trade orders in a manner that is consistent with its duty to: (i) seek best execution of Fund transactions; (ii) treat all Funds fairly and equitably over time; and (iii) not systematically advantage or disadvantage any single Fund or group of Funds. When a decision is made to enter into a batch transaction, the results of the transactions will be allocated to all participating Funds in a fair and equitable manner. When a batch transaction results in all component orders being filled in their entirety, each participating Fund will typically participate at the average price paid or received, per share or unit, for the batch transaction (and will pay associated transaction costs based on that Fund's level of participation in the batch transaction), subject to certain size or cost-related exceptions. In the event that an average price allocation is not feasible, for example with respect to trades on exchanges or in instruments that do not facilitate average pricing, each participating Fund will participate at prices and costs that treat each such Fund fairly and equitably over time. When a batch transaction cannot be filled in its entirety, UG will allocate the portion of the batch transaction actually filled on pro rata allocation according to procedures described above.

UG may allocate on a basis other than pro rata, if, under the circumstances, UG believes that such other method of allocation is reasonable, does not result in improper or undisclosed advantage or disadvantage to relevant Funds, and results in fair access over time to investment and trading opportunities for all relevant and eligible Funds. For example, UG may identify investment opportunities that are appropriate for certain Funds but not others (or with respect to which a relatively higher weighting is appropriate for one Fund or group of Funds over others) based on such factors as: investment strategy, objectives and style; risk/return parameters; legal, regulatory and other requirements or restrictions; tax status; Fund size; sensitivity to turnover; available cash and cash flows. Consequently, UG may determine it is appropriate to place a given security in one Fund rather than another, or allocate a security more heavily to particular Funds over others. Other non-pro rata methods include rotational allocation and random allocation. These, and other, alternative methods of allocation are particularly appropriate, for example, when the batch transaction is too small to be efficiently allocated pro rata among participating or eligible Funds.

UG may also consider the following when allocating trades and determining whether or how to use a batch transaction: (i) recent and anticipated cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) which may provide a basis to deviate from a pre-established allocation so long as it doesn't result in an unfair advantage to specific Funds or types of Funds over time; (ii) Funds with specialized investment strategies, objectives or restrictions emphasizing investment in a specific category of securities may be given priority over other Funds in allocating such securities; (iii) the size of each Fund's original order; (iv) the Fund's asset size; and (v) the Fund's (and other participating Fund's) current holdings of the security.

Allocation of "New Issues"

UG may from time to time invest Funds in "new issues", as defined in relevant rules established by the Financial Industry Regulatory Authority ("FINRA"). To the extent that UG may determine to invest Funds in initial public offerings ("IPOs") or other new issues, and to the extent that such investments are

subject to the restrictions imposed by FINRA rules, such investments will be allocated fairly and consistently with applicable FINRA rules. Such rules generally provide that broker-dealers, their affiliates and certain other persons (“**restricted persons**”) may not be able to participate in new issues.

To the extent that Funds advised by UG expect to invest in new issues subject to these FINRA rules, UG, on behalf of these Funds, takes measures necessary to ensure compliance with applicable rules which may include, for example, prohibiting or limiting investment by restricted persons or by creating multiple class structures pursuant to which a certain class (or classes) of interests may be issued only to restricted persons while other classes exclude restricted persons.

Non-U.S. markets may also impose restrictions or limitations on investments in IPOs or new issues (as defined under local rules). In certain markets, significant regulations exist with respect to IPOs and an investor’s exit from an investment through an IPO. These regulations may impose lock-in restrictions on pre-issuance share capital of unlisted companies and securities issued on a firm allotment basis as well as pricing restrictions on private placements by listed companies, each of which may limit UG’s freedom of action with respect to such investments. In some cases, local law requires that IPOs generally be allocated pro rata among all accounts (of any person or adviser) expressing an interest in acquiring shares through the IPO. UG may enter indications of interest on a Fund-by-Fund or aggregate basis and may allocate the resulting fill among participating Funds in accordance with its batch transaction procedures, as described above, which will not necessarily result in each Fund receiving a pro rata share of the IPO when, in UG’s discretion, an alternate means of allocation is deemed to be appropriate and in the best interests of participating Funds.

Other Limitations Resulting from Legal, Regulatory or Market Features

UG may engage in certain private transactions not involving a public market for which only a single avenue for execution (e.g., purchase directly from an issuer or the issuer’s specified agent) is available. In those cases, UG may be limited in its ability to negotiate costs or terms but will seek, as practicable, to negotiate the most favorable terms reasonably available under the circumstances and to minimize costs associated with such transactions, consistent with achieving the desired investment objective and assuring an acceptable quality of execution.

Certain stock exchanges on which UG may trade are subject to significant regulation. Funds dealing through such exchanges may be affected by regulations relating to the acquisition and sale of shares, which may limit UG’s effective level of discretion or influence the manner or price of transactions. In some cases, other legal or regulatory restrictions or reporting requirements related to certain types of investments or investment thresholds may limit UG’s freedom of action or may have an adverse effect on the price or liquidity of a holding. For example, when certain aggregate ownership thresholds (which may apply across all managed Funds or other accounts) are reached, the ability of any Fund to purchase or sell an investment, exercise rights (including voting rights) or engage in transactions may be restricted or impaired or may trigger reporting obligations which would entail the disclosure of UG’s or such Funds’ interests in the relevant investment or issuer, which may adversely affect price and liquidity. UG may, in its discretion, limit additional purchases, dispose of existing holdings, or refrain from exercising certain rights, when UG believes that doing so is appropriate in light of regulatory requirements or restrictions.

Services Provided by Custodians and/or Prime Brokers

UG may select one or more firms to serve as custodian (“**Custodian**”) to hold the funds and securities of a Fund. The identity of, and other relevant information about, the Custodian for each Fund is typically contained in the Fund’s offering memorandum. UG reserves the right, in its sole discretion (subject, however, to the relevant Fund’s governing documents), to change relevant custodial and brokerage arrangements without further notice to investors in the Fund, except to the extent such notice may be required by applicable law.

A Custodian may also serve as a prime broker for, and be selected to execute transactions on behalf of, a Fund if consistent with UG’s duty to seek best execution. In addition to custody and execution, a prime broker may provide other core functions (such as reporting, clearing, financing, securities lending, and client service) as well as value added items (such as capital introductions, advanced research and analytics and technology services) to the Funds. UG may take advantage of some or all of these value added functions with respect to any particular Fund it advises. Certain of these services may be outside the soft dollar safe harbor.

ITEM 13: REVIEW OF ACCOUNTS

Reviews. The Funds' market exposure is daily monitored and investment activity is reviewed weekly by UG's risk management team, trading team, Portfolio Manager, Chief Investment Officer, Chief Operating Officer, and Chief Executive Officer. Such Portfolios are monitored and reviewed on a continual basis by the above group and each review includes, but is not limited to, an analysis of portfolio positions, market trends, and investment opportunities. The Funds' NAV is calculated monthly and verified by the Administrator.

Reports. UG currently releases written monthly factsheets to the Funds' investors through a password protected website. The factsheets include the Funds' assets under management, monthly and accumulated returns, performance returns, manager review and outlook, and statistical performance analyses. Investors will also receive on an annual basis the Funds' audited financial statements in accordance with its governing documents. Unaudited interim reports may also be prepared and made available to investors if the Board of Directors so determines. As noted in Item 15 below, US investors in the Funds will receive, within 120 days following the Funds' fiscal year end, audited financial statements that are consistent with US GAAP but prepared under locally relevant accounting standards (currently, HKFRS) with material differences being reconciled to US GAAP.

UG may rely on information provided by affiliates or third parties in preparing reports and an affiliate or third party may assist in preparing or distributing reports, as noted above. To the extent reports include or rely upon information from a source other than UG (e.g., index information when a report includes a comparison of a Fund's performance to one or more indices), UG attempts to obtain such information from reliable sources, however the accuracy of such information cannot be guaranteed. Additionally, reports may include or rely upon fair value determinations made by UG or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Although UG does not currently engage solicitors with respect to US clients, it may pay a fee to placement agents in the US with respect to US persons who invest in the Fund. Each placement agent's fee will be outlined in a written agreement that defines the duties and responsibilities of the placement agents between each respective placement agent and UG. Such amounts will be paid by UG or from certain fees payable by the Fund to UG.

UG may have an incentive to direct custody, brokerage, prime brokerage or other business to a financial institution based on certain services that are provided by such financial institutions, as described below, which may conflict with a Fund's best interests. For example, UG may select as a prime broker or custodians a firm that will provide specific services in addition to execution and custody. These services, which are commonly provided by prime brokers and custodians, may include electronic access to portfolio information and trade confirmations, bulk mailing of or internet access to statements and other communications or information to investors, and access to specialized personnel. Such services may yield increased administrative ease and profitability for UG.

UG may also participate in capital introduction events hosted by third-party financial institutions (including prime brokers and custodians) to promote awareness of the hedge fund industry including funds managed by UG. Participation in events that lead to persons becoming investors in the Funds benefits UG and, to the extent provided by a prime broker or custodian, may also benefit the prime broker or custodian in that an increase in the size of the Fund would likely result in additional compensation or other benefits to a prime broker. For example, a prime broker may be entitled to sell, loan or otherwise use a Fund's portfolio securities (securities so used being referred to herein as "**Collateral**") for its own purposes or the purposes of any third party, and the Fund has a contractual right against the prime broker for the return of assets equivalent to the Collateral. Collateral may not, therefore, be recoverable in full in the event of the prime broker's insolvency. The use of a prime broker and these arrangements subject the Fund to the risk that the relevant counterparty will not be able to meet its obligations to UG and/or the Fund.

UG may, in certain circumstances, compensate supervised persons of UG for client and investor referrals. However, UG will not do so with respect to US clients or investors.

ITEM 15: CUSTODY

Under the “regulation lite” regime, a non-U.S. adviser (a “**non-U.S. adviser**”), such as UG, is permitted to treat the non-U.S. funds that it manages as its clients for all purposes of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) other than for certain registration and reporting sections. The investors in the non-U.S. funds are not treated as the non-U.S. adviser’s clients for these purposes. Thus, U.S. investors in non-U.S. funds that are managed by a non-U.S. adviser are not considered U.S. clients of the non-U.S. adviser.

Accordingly, most of the substantive provisions of the Advisers Act, including the rules relating to custody, would not apply to UG with respect to the Funds (which are non-U.S. funds). UG and the custodian to the Funds will, however, be subject to the laws and regulations in their countries of residence.

If UG provides direct investment management services for U.S. qualified clients on a discretionary basis, such clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client’s investment assets. UG urges U.S. clients to carefully review such statements and compare such official custodial records to the account statements that UG may provide to them. UG’s statements may vary from custodial statements based on accounting procedures, reporting dates.

With respect to U.S. clients (or with respect to any Funds that UG determines to apply the Advisers Act custody requirements), UG may be deemed to have “custody” of a Fund’s assets within the meaning of Rule 206(4)-2 under the Advisers Act, to the extent that such arrangements may have provided UG or its related persons with access to or authority over the Fund’s cash and securities for purposes other than issuing trading instructions. To comply with this Rule, UG would provide each US investor in the Fund with audited financial statements within 120 days following the Fund’s fiscal year end as described in Item 13, above.

A majority of the Fund’s assets are held and maintained by a reputable financial institution with a qualified credit rating (Moody’s LT rating Aa3 and S&P A+ - group wise) that acts as Custodian and Administrator. The Fund’s Administrator now provides annual account statements, reflecting the current value of the account and any transactions that have occurred during the period, directly to each investor and permits investors to electronically access account status and details.

ITEM 16: INVESTMENT DISCRETION

Pursuant to the Investment Management Agreement entered into between UG and the Funds, UG is granted discretion to manage the Funds' investments, subject only to the Funds' investment objectives, policies and restrictions and such other limitations as may be set forth in the relevant governing documents. UG's investment discretion may also be limited by resolution of, or other lawful orders and directions given from, the Funds' Board. The Funds are collective investment vehicles which are managed in the interests of the investors as a whole and UG will not tailor the investment services provided to the Funds to suit any particular investor.

ITEM 17: VOTING CLIENT SECURITIES

Investors in a Fund cannot direct how proxies for securities held in the Fund are voted and therefore UG is generally responsible for voting proxies with respect to securities held in the Fund. UG has adopted Proxy Voting Policies and Procedures (the “PVPs”) pursuant to Rule 206(4)-6 under the Advisers Act. These PVPs provide that, in cases where UG has proxy voting authority and deems it in the best interest of the Fund to exercise that authority, it will vote proxies in accordance with the PVPs and in an effort to maximize value of the relevant Fund(s). The following is a summary and does not represent UG’s entire PVPs. US Investors may receive a copy of the PVPs, as well as information on how proxies were voted for the Fund, by contacting UG using the contact information on the front page of this Brochure.

Under the PVPs, UG has ultimate authority with respect to proxy voting, including: (i) receiving proxy solicitations; (ii) determining whether UG has a material conflict of interest that would interfere with its ability to vote a proxy; (iii) voting (or refraining from voting) in the best interests of each relevant Account, when no such conflict has been identified; and (iv) determining how an identified conflict should be addressed. UG generally seeks to vote all proxies that are timely received; however it may not be practical or may not be in the Fund’s best interests to vote every proxy. Where UG invests in securities via market access instruments (e.g. swaps, warrants, notes) or third-party license-holders (e.g. QFII or RQFII license-holders), it generally does not have a direct right to vote or receive a proxy with respect to such securities or instruments. There are other circumstances that UG may refrain (or be precluded) from voting proxies where: (i) the cost of exercising a vote materially outweighs the benefit (e.g., where in person voting is required, where material is in a foreign language or otherwise does not provide sufficient background information to allow UG to make a reasonable voting decision, where there is substantial delay in receiving the proxy materials or where voting would limit UG’s ability to engage in subsequent transactions in the subject issuer); (ii) where the securities are no longer held on the meeting date; (iii) where proxies were not received with sufficient time to make an appropriate voting determination and cast a vote; and (iv) where the exercise of voting rights is restricted or prohibited by the terms of the security, by applicable law, or otherwise (e.g., where UG holds an interest in an issuer indirectly where voting rights are not conferred with respect to the underlying equity).

UG acknowledges its responsibility for identifying material conflicts of interest prior to voting proxies. Relevant personnel of UG are expected to disclose to the CCO any personal conflicts (personnel having such conflicts will be prohibited from participating in voting decisions). The CCO will also consider whether UG has any business relationships with a soliciting issuer or another party interested in the proxy measure. The following measures may be employed when a conflict of interest is identified to insulate the voting decision from the conflict: (i) voting as directed by the Fund’s governing documents; (ii) voting as determined by UG’s Investment Group (or a sub-set thereof) to the extent that the Investment Group can be insulated from the conflict in determining a resolution that is fair and in the best interests of the Fund; (iii) disclosing the conflict to the Fund’s board of directors and obtaining voting instructions or consent; (iv) voting based on the recommendations of an independent third-party such as a proxy voting service, consultant or legal counsel; or (v) mirror voting the proxies in the same proportion as the votes of other proxy holders. In making voting decisions in the absence of a conflict, UG has discretion to take action in the manner it believes to be in the Fund’s best interests. UG believes that a Fund’s “best interest” is served by voting in a manner believed to improve the Fund’s economic interest in the subject security over the long term. That is, each Fund’s best interest is the common interest that the Fund, as a shareholder in the soliciting issuer, shares with other shareholders in seeing the value of a common investment increase over time and irrespective of any political or social interests of UG or an investor.

ITEM 18: FINANCIAL INFORMATION

Not Applicable.