

ITEM 1 — COVER PAGE

CSOP ASSET MANAGEMENT LIMITED (“CSOP”)

Form ADV Part 2A Brochure

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This Brochure provides information about the qualifications and business practices of CSOP Asset Management Limited (hereinafter referred to as “CSOP”). If you have any questions about the contents of this Brochure, please contact us at (852) 3406-5652. 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.

CSOP is a registered investment adviser. Registration of an investment adviser with the SEC or a particular State does not imply a certain level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about CSOP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Since February 2014, CSOP has been an investment adviser registered with the SEC. CSOP does NOT approve or endorse any professional designation. An investment adviser or investment adviser representative may only transact business in a particular State after licensure or satisfying qualifications, requirements of that State.

ITEM 2 — MATERIAL CHANGES

This brochure has been updated to reflect current information but no material changes have been made since it was last filed on March 28, 2018.

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ITEM 4 — ADVISORY BUSINESS

Business Description/Ownership

CSOP was founded in 2008 as a subsidiary of China Southern Asset Management Co. Limited and was the first Hong Kong subsidiary set up by Mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong. Founded in 2008, CSOP was the first Chinese asset manager granted the privilege of operating outside of the Mainland China. CSOP is currently the largest RMB Qualified Foreign Institutional Investor (RQFII) quota manager. The RQFII scheme allows the use of RMB funds raised in Hong Kong by offshore fund management companies and securities companies to invest in the Mainland China's bond and equity markets. After the RQFII program was launched in 2011, CSOP was granted the largest quota and, serving as a key facilitator of international investment into Mainland China. CSOP has maintained this first-mover advantage and remains is one of the world's largest offshore Chinese asset managers by assets under management ("AUM").

CSOP's principal owner and parent company, China Southern Asset Management Co Ltd, is one of the largest asset managers in Mainland China. Likewise, CSOP's grandparent company, Huatai Securities Co Ltd, is one of the largest securities firms in Mainland China.

CSOP's CEO Ms. Ding Chen is a board/committee member for 17 regulatory tribunals and industry associations in both China and Hong Kong. She is also the founder and chairwoman of the Chinese Asset Management Association of Hong Kong, an organization dedicated to developing an investment climate that suits the needs of offshore market participants.

Types of Advisory Services Offered

CSOP provides services to U.S.-based exchange-traded funds ("ETFs"), as well as investment advisory and related support services to U.S. and non-U.S. clients, including high net worth individuals, pooled investment vehicles and other investment advisers. As further described below, CSOP primarily invests in Chinese securities and related investments.

In performing advisory services, CSOP may utilize investment professionals to manage a particular strategy or product.

In addition to its registration with the SEC, CSOP is licensed and regulated by the Securities and Futures Commission in Hong Kong to carry on regulated activities of the following types:

- **Type 1 (dealing in securities)**
- **Type 4 (advising on securities)**
- **Type 9 (asset management)**

Tailoring Advisory Services to Individual Needs of Client

The goals and objectives for each client are documented in investment management agreements/ advisory agreements. Clients may impose restrictions on investing in certain securities or types of securities.

Wrap Programs

CSOP does not currently participate in any wrap programs.

CSOP's Assets Under Management —

As of **31 December, 2018**, CSOP had **\$5,489,568,622** (USD) in assets under management.

	<u>U. S. Dollar Amount</u>
Discretionary:	\$4,870,032,432
Non-Discretionary:	<u>\$ 619,536,190</u>
Total:	\$ 5,489,568,622
Calculated as of:	31 December, 2018

ITEM 5 — FEES AND COMPENSATION

Fees Charged by CSOP

CSOP generally charges fees based on a percentage of assets under management. The amount of CSOP's fees is negotiable and generally depends upon a number of factors, including the nature of the services to be provided, the size of any portfolio which is to be managed and the investment parameters agreed with the client.

CSOP may agree with a particular client to a performance-based fee structure. Performance-based fee structures are available to eligible clients, are negotiable and will be in compliance with applicable laws and regulations. As of the date of this brochure, CSOP has performance-based fee structures in place with clients.

How Fees are Charged

Fees are charged to and collected from each client in accordance with the terms of CSOP's investment management or advisory agreement with the client. Fees generally are payable by clients either monthly or quarterly in arrears. The client's agreement with CSOP may provide that CSOP is to invoice the client for payment of CSOP's fees. Alternatively, such agreement may authorize CSOP to deduct its fees from the client's account by instructing the client's custodian to debit the client's account and remit payment to CSOP.

Brokerage and Other Transaction Costs

In addition to CSOP's fees, clients of CSOP may pay costs and charges to other parties in connection with their accounts or certain securities transactions. These may include: commissions, commission equivalents and other charges for executing transactions through broker-dealers; custodian fees; wire and electronic fund fees; taxes; dealer mark-ups, mark-downs and spreads; auction fees; certain odd-lot differentials; SEC fees; exchange fees; transfer taxes; stamp taxes; regulatory transaction fees; and any other charges mandated by law or regulation or third party service providers. Please see Item 12 of this Brochure for information concerning CSOP's brokerage practices.

Payments in Advance

CSOP clients must generally pay their fees in arrears and not in advance.

Other Investment Products

In addition to the investment management strategies described in this document, CSOP and its affiliates may offer to the public investment products such as unit investment trusts or other pooled investment vehicles with investment styles and holdings that are identical and/or similar to those of the investment management strategies described in this document. These other investment products may be offered at differing fees and charges that may be higher or lower than the fees imposed by CSOP for the CSOP investment management services described in this document.

Exchange Traded Funds (ETFs)

CSOP receives fees for investment management services provided to certain ETFs registered under the Investment Company Act of 1940 (the "1940 Act"). These fees are described in the

funds' registration statements and shareholder reports including the funds' prospectuses, which are available online at <https://csopasset.us/products>. Prospective investors should refer to these documents for a full explanation of fees and expenses.

Termination

Generally, investment advisory or management contracts are terminable at will by either party upon written notice. Upon termination, generally fees will be prorated over the remaining term of the billing period.

Supervised Person Compensation

Clients are charged in accordance with the relevant advisory or management contracts with CSOP as provided in this section. CSOP staff do not receive compensation for the sale of securities or other investment products.

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

Performance-based fees are negotiated with certain clients and are subject to individualized negotiation with each such client. Performance-based fee arrangements may create an incentive for CSOP to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. These fee arrangements also create an incentive for CSOP to favor higher fee paying accounts over other accounts in the allocation of investment opportunities that may have lower fees or different fee paying arrangements. CSOP has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

ITEM 7 — TYPES OF CLIENTS

Types of Clients

CSOP's U.S. based clients currently include registered investment companies, particularly ETFs, as well as Investment advisers. CSOP may provide investment management or investment advisory services to a range of institutional clients over time.

CSOP's non-U.S. clients include high net worth individuals, investment companies, pooled investment vehicles, and other investment advisers.

Conditions for Opening or Maintaining an Account

Depending on the nature of the services to be provided, CSOP may require a minimum dollar value of assets as a condition for opening or maintaining an account. Any pre-established minimum account size may be subject to variation depending upon the nature of the investments in an account and the client's financial circumstances, investment objectives and requirements.

ITEM 8 — ANALYSIS METHODS, INVESTMENT STRATEGIES & RISK OF LOSS

Methods of Analysis & Investment Strategy

China Index Strategies

CSOP focuses on China index strategies. China A-shares are stocks that trade on the Shanghai and Shenzhen exchanges. These companies are incorporated in mainland China and their shares are denominated in the local currency or renminbi. H Shares are stocks of Chinese companies that trade on the Hong Kong Stock Exchange and are priced in Hong Kong dollars.

The FTSE China A50 Net Total Return Index is comprised of the largest 50 A Share companies by full market capitalization of the securities listed on the Shanghai and Shenzhen stock exchanges.

The MSCI China A International with CNH 100% Hedged to USD Index captures large and mid-cap representation and includes the China A-share constituents of the MSCI China All Shares Index. It is based on the concept of the integrated MSCI China equity universe with China A-shares included.

CSOP's methods of analysis generally seek long-term capital appreciation by tracking the performance of the various indexes, such as the FTSE China A50 Net Total Return Index and MSCI China A International with CNH 100% Hedged to USD Index (collectively, the "Indexes"). The Indexes are generally comprised of A-Shares issued by the China A-Shares market. Certain of the constituent companies have issued both A-Shares, which are traded in China, and H-Shares, which are traded in Hong Kong.

A-Shares are a different classification of equity securities issued by companies incorporated in the PRC. A-Shares are denominated and traded in RMB, the official currency of the PRC, on the Shenzhen and Shanghai Stock Exchanges. Under current Chinese regulations and subject to certain exceptions, foreign investors such as an ETF advised by CSOP are permitted to invest in A-Shares only (i) through designated foreign institutional investors that meet certain requirements of and have been granted status by the China Securities Regulatory Commission ("CSRC"), or (ii) through the Shanghai-Hong Kong Stock Connect program and other similar programs.

Under the first approach for A-Shares, non-Chinese investors, such as a client advised by CSOP, are permitted to invest through institutional investors designated as either a Qualified Foreign Institutional Investor ("QFII") or a Renminbi Qualified Foreign Institutional Investor ("RQFII"). Under current regulations, each QFII and RQFII is permitted to invest up to a specific aggregate dollar amount in A-Shares by China's State Administration of Foreign Exchange ("SAFE"). A QFII or RQFII may not invest in A-Shares above its quota amount, although to the extent that a QFII or RQFII has utilized its allocated investment quota, it may

apply for an increase to its quota. There, however, is no guarantee that such application will be granted.

Under the second approach, since November of 2014, non-Chinese investors have been permitted to invest in eligible China A-Shares listed on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect program. The Shanghai-Hong Kong Stock Connect program, which was launched in 2014, established a securities trading and clearing program that enables mutual stock market access between mainland China and Hong Kong. Through the Shanghai-Hong Kong Stock Connect program, foreign investors, such as a client managed by CSOP, can trade eligible China A-Shares subject to trading limits and rules and regulations as may be issued from time to time. More recently, in December of 2016, non-Chinese investors also are permitted to invest in eligible China A-Shares listed on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect program. While a client managed by CSOP, for instance, may access China A-Shares through the Shenzhen-Hong Kong Stock Connect program in the future, CSOP has no immediate plans to do so.

CSOP is a licensed RQFII and QFII. CSOP, on behalf of certain of its clients, may invest in A-Shares and other securities of Chinese companies listed for trading on the Shanghai and Shenzhen Stock Exchanges up to its designated quota amount. CSOP, on behalf of certain of its clients, also will invest in eligible China A-Shares via the Shanghai-Hong Kong Stock Connect program. For CSOP's ETF clients, such clients will typically invest at least 80% of its total assets in the securities included in the Index. Such clients may invest the remainder of its assets in investments that are not included in the Index, but which CSOP believes will help track the Index.

These investments include: (i) interests in pooled investment vehicles tracking the Index or similar indexes, including affiliated and non-U.S. funds (certain of these funds may not be registered under the Investment Company Act of 1940, as amended (the "1940 Act"), and therefore are not subject to the same investor protections as an ETF advised by CSOP); (ii) other securities not included in the Index (including H-Shares, which are shares of a company incorporated in mainland China that are denominated in Hong Kong dollars and listed on the Hong Kong Stock Exchange or other foreign exchange); and (iii) certain derivatives, such as futures contracts and options contracts on equity securities designed to provide similar exposure to the Index.

Subject to the requirement to generally invest at least 80% of its total assets in the securities of the Index, an ETF advised by CSOP also may invest in money market instruments, cash and cash equivalents. In seeking to track the performance of the Index, such ETF may use a representative sampling indexing strategy. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. The ETF may or may not hold all of the securities in the Index.

Unlike many investment companies, an ETF advised by CSOP generally does not try to “beat” the Index and does not seek temporary defensive positions when markets decline or appear overvalued. CSOP generally tries to have its ETF clients be considered “diversified” and therefore meet certain diversification requirements under the 1940 Act. To the extent an ETF’s Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the ETF will concentrate its investments to approximately the same extent as the Index.

In certain cases, in order to hedge its exposure to RMB, an ETF advised by CSOP enters into forward currency contracts or listed futures contracts designed to minimize the fund’s exposure to RMB. A forward currency contract is a contract between two parties to buy or sell a specific currency in the future at an agreed upon exchange rate. A listed futures contract is essentially an exchange-traded forward contract. The amount of forward contracts and futures contracts in a fund is based on the aggregate exposure of the fund to RMB. While this approach is designed to minimize the impact of currency fluctuations on the certain fund returns, it does not necessarily eliminate the fund’s exposure to the RMB. The return of the forward currency contracts and currency futures contracts may not perfectly offset the actual fluctuations between the RMB and the U.S. dollar.

Investing in securities involves risk of loss that all clients should be prepared to bear.

Risk of Loss

Primary risk controls and risk monitoring processes as they pertain to investment and portfolio risk are embedded within CSOP’s portfolio construction processes. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors may be exposed to the following investment risks described below. Certain products managed by CSOP will be subject to additional risks that will be described in the prospectus or offering circular of that product.

- *Risk of Investing in China* — Investing in securities of companies organized and listed in China subjects clients to risks specific to China. China is a developing market, and as a result, investments in securities of companies organized and listed in China may be subject to significantly higher volatility from time to time than investments in securities of more developed markets. China may be subject to considerable government intervention and varying degrees of economic, political and social instability. Reduction in spending on Chinese products and services, institution of tariffs or other trade barriers, or a downturn in any of the economies of China’s key trading partners may have an adverse impact on the Chinese economy. It may also be difficult or impossible for the client to obtain or enforce a judgment in a Chinese court.
- *Risk of Investments in A-Shares* — In seeking to track the performance of an Index, a CSOP client may invest directly in A-Shares through CSOP’s RQFII quota, and invest in eligible A-Shares through the Shanghai-Hong Kong Stock Connect program. Therefore, the size of a client’s direct investment in A-Shares is limited by both the size of CSOP’s RQFII quota and any trading limits or other restrictions applicable to A-Shares traded through the Shanghai-Hong Kong Stock Connect program. This places practical limitations on the size of an investment and may have a negative impact on trading of ETF fund shares, for

instance. In addition, the RQFII quota of CSOP may be reduced or revoked by the Chinese regulators if, among other things, CSOP fails to comply with applicable Chinese regulations. If an ETF advised by CSOP is unable to obtain sufficient exposure to the performance of the Index due to the limited availability of CSOP's RQFII quota, or trading or other restrictions on the Shanghai-Hong Kong Stock Connect program, a fund could be forced to limit or suspend the issuance of new shares until CSOP determines that the requisite exposure to the Index is obtainable. Any limits on the fund's ability to issue new shares could cause the fund's shares to trade at a premium or discount to the net asset value ("NAV") of the fund and the fund could experience substantial redemptions. The Chinese government may intervene in the A-Shares market and halt or suspend trading of A-Share securities for short or even extended periods of time. Recently, the A-Shares market has experienced considerable volatility and been subject to frequent and extensive trading halts and suspensions, which has many adverse consequences.

- *Risk of Investment and Repatriation Restrictions* — Investments by a client in PRC securities are subject to governmental pre-approval limitations on the quantity that the client may purchase, as well as limits on the classes of securities in which the client may invest. Repatriations by RQFIIs are currently permitted daily and are not subject to repatriation restrictions or prior regulatory approval. However, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Further, such changes to the PRC rules and regulations may be applied retroactively. Any restrictions on repatriation of a client's portfolio investments may have an adverse effect on the client's performance and the client's ability to meet redemption requests.
- *A-Shares Tax Risk* — A client's investments in A-Shares will be subject to a number of taxes and tax regulations in China. The application of many of these tax regulations is, at present, uncertain. Moreover, the PRC has implemented a number of tax reforms in recent years, including the value added tax reform, and may continue to amend or revise existing PRC tax laws in the future. Changes in applicable PRC tax law, particularly taxation on a retrospective basis, could reduce the after-tax profits of a client directly or indirectly by reducing the after-tax profits of the companies in the PRC in which the client invests. Uncertainties in the Chinese tax rules governing taxation of income and gains from investments in A-Shares could result in unexpected tax liabilities for the client. The client's investments in securities issued by PRC companies, including A-Shares, may cause the client to become subject to withholding income tax and other taxes imposed by the PRC. The PRC rules for taxation are evolving, may change, and new rules may be applied retroactively.
- *Risk of Investing Through Shanghai-Hong Kong Stock Connect* — A client may invest in China A-Shares listed and traded on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect program. Among other restrictions, investors in securities obtained via the Shanghai-Hong Kong Stock Connect program are generally subject to Chinese securities regulations and Shanghai Stock Exchange rules. Securities obtained via the Shanghai-Hong Kong Stock Connect program generally may only be sold, purchased or otherwise transferred through the Shanghai-Hong Kong Stock Connect program in accordance with applicable rules. Although the client is not subject to individual investment quotas, daily investment quotas designed to limit the maximum daily net

purchases on any particular day apply to all participants in the Shanghai-Hong Kong Stock Connect program. These daily investment quotas may restrict or preclude the ability of the client to invest in securities obtained via the program.

- *Authorized Participant Concentration Risk* — For ETF clients, only an “Authorized Participant” may engage in creation or redemption transactions directly with the Fund. A Fund has a limited number of institutions that may serve as Authorized Participants. To the extent that these institutions exit the business or are unable to proceed with creation and/or redemption orders with respect to a Fund and no other Authorized Participant is able to step forward to create or redeem, a Fund’s shares may trade at a discount to NAV and possibly face delisting.
- *Concentration Risk* — To the extent that the client’s investments are concentrated in the securities of China, or a particular issuer or issuers, market, industry, group of industries, sector or asset class, the client may be more adversely affected by the underperformance of those securities, may be subject to increased price volatility, and may be more susceptible to adverse economic, market, political and regulatory occurrences.
- *Costs of Buying or Selling Fund Shares* — Investors buying or selling shares in the secondary market will normally pay brokerage commissions or other fees which have the effect of reducing returns. These fees are often a fixed amount and may be a significant proportional cost for investors buying or selling relatively small amounts of shares.
- *Custody Risk* — Less developed markets such as China are more likely to experience problems with the clearance and settlement of trades and the holding of securities by local banks, agents and depositories. Local agents are held only to the standards of care of their local markets, and in general, the less developed a country’s securities markets are, the greater the likelihood of custody and settlement problems. Applicable PRC regulations require that the A-Shares purchased for a client may be credited to a securities trading account maintained in the joint names of the client and CSOP. CSOP may similarly credit all non-A-Share securities to a securities trading account maintained in the joint names of the client and CSOP. CSOP may not use the account for any purpose other than maintaining the client’s assets. However, given that the securities trading account will be maintained in the joint names, the client’s assets may not be as well-protected as they would be if it were possible for them to be registered and held solely in the name of the client. In particular, there is a risk that creditors of CSOP may assert that the securities are owned by CSOP and not the client, and that a court would uphold such an assertion. If this were to occur, creditors of CSOP could seize assets of the client, resulting in potentially substantial losses to the client.
- *Derivatives Risk* — CSOP may invest client funds in derivatives. Examples of derivatives include forward currency contracts, futures contracts and options contracts. Derivatives are subject to a number of risks, including market, correlation, leverage and interest rate risks. Derivatives may experience dramatic price changes and imperfect correlations between the price of the derivative contract and the underlying assets, rates, indices or other indicators, which may increase the client’s volatility and have a negative impact on returns.
- *Emerging Markets Risk* — While China’s economy has expanded in recent years, China is still considered an emerging market economy. As such, investments are subject to greater

risk of loss than investments in more developed markets. This is due to, among other things, increased risk of government intervention, greater market volatility, lower trading volume, political and economic instability, greater risk of market shutdown and more governmental limitations on foreign investments than is typically found in more developed markets.

- *Equity Securities Risk* — For ETF investments, an investment in an ETF involves risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. Equity securities are subject to volatile changes in value, and their values may go up or down significantly and without warning.
- *Financial Sector Risk* — An Index that CSOP seeks to track may be concentrated (i.e., invest more than 25% of its assets) in the financial sector. Companies in the financial sector are subject to extensive governmental regulation and intervention, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Greater Chinese governmental involvement in the financial sector poses additional risks for investors, including the risk of appropriation or seizure by the Chinese government and the risk of abrupt changes in government policy or regulation.
- *Index Tracking Error Risk* — As with other index funds, client performance may vary from the performance of the Index as a result of fees and expenses, the use of representative sampling, brokerage and transaction costs, the effect of Chinese taxes and other factors. In addition, a client may not be able to invest in certain securities included in the Index or invest in them in the exact proportions they represent of the Index, due to legal restrictions or limitations imposed by the Chinese government or a lack of liquidity on stock exchanges in which such securities trade.
- *International Closed Market Trading Risk* — For ETFs, because a fund's underlying securities trade on an exchange that is closed when the securities exchange on which the fund shares list and trade is open, there are likely to be deviations between the current pricing of an underlying security and stale security pricing (i.e., the last quote from its closed foreign market), resulting in premiums or discounts to NAV that may be greater than those experienced by other ETFs.
- *Large-Capitalization Securities Risk* — A client's investments may include securities of large-capitalization issuers. In such a case, the client will be subject to the risk that large-capitalization issuers, and thus the client's portfolio, may underperform in other segments of the Chinese equity market or the equity market as a whole.
- *Market Risk* — Market risk is the risk that the market price of a security may move up and down, sometimes rapidly and unpredictably. In addition, an ETF's NAV and market price, like securities prices generally, will fluctuate within a wide range in response to many factors. As a result, the performance of an ETF could vary from its stated objective, and you could lose money.
- *Mid-Capitalization Securities Risk* — A client's investments may include securities of mid-capitalization issuers. Compared to large-capitalization issuers, mid-capitalization issuers may be less stable and more susceptible to adverse developments, and their securities may be more volatile and less liquid.

- *Non-U.S. Currency Risk* — The client's assets will likely be substantially, if not fully, invested in the securities of issuers in China, and the gains, losses and income received by the client will likely be denominated primarily in RMB. Although CSOP uses various strategies to attempt to minimize the impact of changes in the value of RMB against the U.S. dollar, these strategies may not be successful. In addition, in order to minimize transaction costs, or for other reasons, a client's exposure to RMB may not be fully hedged at all times. This may limit the effectiveness of CSOP's currency-hedging strategies. Currency exchange rates can be very volatile and can change, quickly and unpredictably. Therefore, the value of an investment in an ETF managed by CSOP may also go up or down, quickly and unpredictably, as a result of currency fluctuations and investors may lose money.
- *Non-U.S. Securities Risk* — Non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements, and different legal, regulatory and tax environments.
- *Passive Investment Risk* — For ETFs, such funds are not actively managed, and therefore will not sell securities due to current or projected underperformance of the security, industry or sector.
- *Risk of Cash Transactions* — Unlike some other ETFs, ETFs managed by CSOP generally expect to effect creations and redemptions principally in cash, rather than through the in-kind contribution or redemption of securities. As a result, an investment in such a fund may be less tax-efficient than an investment in an ETF that transacts in-kind.
- *Secondary Market Trading Risk* — For ETF investments, trading in fund shares may be halted by NYSE Arca, Inc. (the "Exchange"), or any other exchange on which the fund's shares are traded because of market conditions or other reasons. If a trading halt occurs, a shareholder may temporarily be unable to purchase or sell shares of the fund. In addition, although the fund's shares are listed on the Exchange, there can be no assurance that an active trading market for shares will develop or be maintained. The value of the securities in the fund's portfolio may change on days when shareholders will not be able to purchase or sell the fund's shares.
- *Shares of the Fund May Trade at Prices Other than NAV* — For ETF investments, although market prices for the fund shares generally are expected to closely correspond to the fund's NAV, it is expected that, as with all ETFs, there will be times when the market price of the fund's shares are higher or lower than the NAV of such shares. The risk that shares of the fund may trade at prices other than NAV is heightened in times of market stress or volatility.
- *Cybersecurity Risk* — Cybersecurity incidents may allow an unauthorized party to gain access to client assets, customer data (including private shareholder information), or proprietary information, or cause the client, CSOP, and/or its service providers (including, but not limited to, accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or lose operational functionality.

ITEM 9 — DISCIPLINARY INFORMATION

CSOP has no disciplinary information to report.

ITEM 10 — OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

At this time, no CSOP management persons are:

Registered or about to register as a broker-dealer or a registered representative or other associated person of a broker-dealer; or

Registered or have a pending application to register as a futures commission merchant, commodity pool operator or a commodity trading advisor or an associated person of any of the foregoing entities.

At this time, regarding CSOP and its management persons, there are NO material relationships or arrangements with a related person of any of them that is:

A banking or thrift institution;

An accountant or accounting firm;

A lawyer or law firm;

An insurance company or agency;

A pension consultant;

A real estate broker or dealer;

A sponsor or syndicator of limited partnerships; or

A securities exchange, securities association or alternative trading system.

China Southern Asset Management Co Ltd is a related person of CSOP that operates as an investment adviser and provides investment management services to institutional and retail investors in Mainland China. China Southern Asset Management Co Ltd is incorporated in China and regulated by the CSRC.

Alternative Value Investments Limited is a related person of CSOP that provides investment advisory services to investors in Hong Kong. It is incorporated in Hong Kong and regulated by the Securities and Futures Commission.

OP Financial Limited is a related person of CSOP. It is an investment holding company incorporated in the Cayman Islands and is principally engaged in investments in listed and unlisted companies.

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

Code of Ethics

As part of an overall internal compliance program, CSOP has adopted policies and procedures (collectively, the “Code of Ethics”) imposing standards of business conduct. The Code of Ethics includes requirements to put client interests first and not to take inappropriate advantage of employment-related information. Objectives of the Code of Ethics include mitigating or obviating potential conflicts of interests between employees and investment advisory clients and assuring compliance with applicable laws and regulations. Existing and prospective CSOP clients may obtain copies of the Code of Ethics by mailing a written request for such document to:

CSOP Asset Management Limited
2801-2803, 3303-3304
Two Exchange Square
Hong Kong
Attention: Chief Compliance Officer

Participation or Interest in Client Transactions

CSOP’s employees may from time to time acquire or sell the same or similar securities, including individual securities and shares of pooled investment funds, as those held in client accounts. Investment and trading activities by CSOP employees in the same individual securities or investment funds held by CSOP client accounts may create conflicts of interest, or potential conflicts of interest, between CSOP’s employees and CSOP’s investment advisory clients. Such conflicts or potential conflicts could include:

- using knowledge of open, executed or pending portfolio transactions in a client account to profit from the market effect of such transactions;
- causing a client account to engage in a transaction in order to positively impact a personal investment holding; and
- using knowledge of portfolio holdings in an investment fund, including a unit investment trust, managed by CSOP to engage in a short-term trading strategy involving such fund.

CSOP or related persons may, as a principal, buy securities from (or sell securities to) its clients. CSOP or a related person, may act as an investment adviser to an investment company that it recommends to clients.

CSOP has adopted a Code of Ethics and internal policy designed to promote high ethical and professional standards, and mitigate conflicts of interest – such as those described above.

Personal Trading

All CSOP’s employees are required to adhere to the Code of Ethics where it is stated that the employees of CSOP must obtain pre-clearance from the Chief Compliance Officer (“CCO”) or the designee and seek pre-approval prior to entering an order for security transactions for their personal accounts, unless an exception applies. Employees are prohibited from making a

purchase or sale of a security at a time when they are in possession of nonpublic information, including information that CSOP is or may be considering a purchase or sale of such security on behalf of client accounts. A request for pre-clearance must be made by completing the Personal Trade Request Form, or similar document, and submitting it to the CCO or such person's designee in advance of the contemplated transaction.

The CCO has principal oversight responsibility with respect to trading conducted by CSOP's employees for their personal accounts.

CSOP's affiliates and their employees may from time to time acquire or sell securities held in CSOP client accounts. Conflict of interest concerns with respect to such investments are addressed primarily through reliance on informational barriers policies maintained by CSOP and CSOP's affiliates that restrict access by CSOP's affiliates and their officers, directors and employees to information relating to the investment intentions, activities, transactions and portfolio holdings of CSOP client accounts.

ITEM 12 — BROKERAGE PRACTICES

The investment team will take all reasonable steps to achieve the best quality of execution in relation to all transactions undertaken on behalf of clients in relation to financial instruments. Consequently we have in place both a policy and procedures with the objective to achieve the best possible execution result, taking in account the nature of the client's order, the client's guidelines and the market or execution venue in question. The policy aims to achieve the most beneficial terms practically available across a range of sometimes conflicting factors over a period of time. This is achieved by taking into account a spectrum of different aspects which are not limited only to price, as further described below.

Execution Process

The investment team will take all reasonable steps with the resources and processes in place to satisfy itself that it will be able to deliver "best execution." Best execution may be measured over time through several transactions with the counterparty rather than through a single transaction. It requires due diligence and consideration of multiple factors, including but not limited to the following: (1) the character of the markets for the security (e.g. price, volatility, relative liquidity); (2) the size and type of transaction and (3) availability of quotation sources

Portfolio managers are responsible for making investment decisions and originating trade orders, they do not usually execute transactions themselves. This is the responsibility of a separate dealing function to ensure a more effective monitoring of market prices and trading activity in order to achieve the best execution possible for client trades. Before placing an order with a broker we take into account any restrictions specified by our client.

Broker Selection

All our trades are executed with brokers who are on our approved broker list. The following steps will be taken when creating a list of broker-dealers that may execute client trades (the "Approved List of Broker-Dealers") and placing and re-placing a particular broker-dealer on the list. Periodically, the Head of Trading Department ("HTD") will meet with the equity investment team to evaluate the trading techniques and strategies it uses, performance of the broker-dealers it uses. The HTD will consider the following at this meeting, where applicable:

- input from portfolio managers, traders and others;
- establishing an acceptable commission range for trades;
- information about the commissions paid over the previous period, including to the extent whether the commissions exceed the acceptable, pre-established range and the circumstances that caused the deviation; and
- statistical and other information from consultants and vendors on the execution capabilities of broker-dealers.

The HTD will cause to create and from time to time modify the Approved Broker-Dealer List to reflect conclusions reached at the meeting and its regular review of brokerage pursuant to the procedures set forth below concerning reviewing prices and monitoring execution, in an effort to project trading activity.

Factors Considered When Placing a Trade

CSOP may execute a client trade with a particular broker-dealer only if that broker-dealer appears on the Approved List of Broker-Dealers, unless the HTD determines and documents the determination that using a non-approved broker-dealer is in the client's best interest. CSOP will attempt to obtain price quotations from multiple broker-dealers when placing orders and indicate the quotations on trade tickets for clients in an effort to document best execution. CSOP seeks the following when placing a trade for a client with a particular broker-dealer: speed of execution, price improvement, size improvement, commission, research and soft dollars, quality of overall execution services, expertise, financial condition and skill. Any specific and/or general client instructions that may predetermine the manner we prioritize how to fill the client's transaction will also be taken into account. If there are no express instructions from the client we will use our own discretion to determine the factors that have to be considered to achieve best execution applying our understanding and experience of the market concerned.

Soft Dollars

CSOP may effect transactions with or through a broker with whom CSOP or entity affiliated with CSOP has arrangements under which the broker will, from time to time, provide to or procure for CSOP and/or an affiliated entity brokerage or specialized computer software. No direct payment may be made for such goods or services but CSOP may pay a higher commission than otherwise obtainable from other brokers in return for such services if a good faith determination is made that the commission is reasonable in relation to the services provided and the services provided are of a type which assist in the provision of investment services to the client over which CSOP exercises discretion.

Trade Aggregation

Wherever possible, to take advantage of execution opportunities, the investment team will look to aggregate orders within a strategy, or across different strategies, where common securities would be transacted. As all portfolios in a single strategy are broadly managed in the same manner, once a decision is made it is generally taken and applied across all accounts invested in the strategy (subject to any individual mandate restrictions). The use of blocked trades generally enables CSOP to obtain the optimum execution for clients. On account of the size of the orders there is a risk of creating a significant market impact when placing trades, which could cause harm to clients. To minimize this risk, CSOP may place the largest block trades first in its trade rotation and attempt to execute those trades in a manner which will have the least market impact. For example, due to the size of the blocks, CSOP is able to deal directly with market makers, agency brokers or authorized participants. Once those trades have been placed, the smaller blocks are able to be traded without suffering the effects of detrimental market impact.

ITEM 13 — REVIEW OF ACCOUNTS

Review of Accounts

Investment decisions are made by the Investment Committee and the CIO during its regular portfolio rebalancing and reallocation process. The management process involves determination of financial market conditions and the resultant investment profile; portfolio design considerations including asset class diversification and number of holdings; the ranking, screening and selection of securities using a proprietary mechanism. Results are presented to the Investment Committee and the CIO, which makes final determinations. All portfolio models are implemented based on Investment Committee and the CIO decisions. In terms of fund management, the Investment Committee is also responsible for reviewing the applicable offering documents and ensuring compliance with its provisions as well as those of CSOP's compliance manual.

Review Triggers

Other conditions may also trigger a review, such as a material event in market, ad hoc news or other commercial reasons.

Client Reporting

All clients receive regular periodic reporting in relation to the performance and positioning of their account. In addition to written reports, clients also receive information about their accounts verbally. While written reports are typically generated and delivered on a monthly, quarterly and/or annual basis, verbal reporting is typically carried out on an ad hoc basis, as and when the client requests. We seek to tailor our reports to the specific needs of our clients. Accordingly, client's reporting requirements are discussed in detail during the client take on process. In addition to regular periodic reporting, we also seek to provide other reports/commentary for clients, covering topical events in the markets within which we invest, on an ad hoc basis.

Trade Errors

CSOP's policy is to exercise the utmost care when handling client orders and to make corrections in an expeditious manner when trade errors occur. When CSOP corrects a trading error, the client may not be disadvantaged, in other words, the client must be made "whole." CSOP has adopted policies and procedures for handling trade errors as they may occur.

ITEM 14 — CLIENT REFERRALS AND OTHER COMPENSATION

CSOP may utilize the services of third-party solicitors, such as broker-dealers, other financial intermediaries, and other entities or individuals permitted by law (each, a “Third-Party Solicitor”), for client referrals pursuant to a written agreements with such parties. Each such Third-Party Solicitor typically will be compensated based upon a percentage of the investment advisory fee actually received by CSOP from the referred client. All advisory clients referred by a Third-Party Solicitor, if applicable, will receive this Brochure and a separate written disclosure statement describing the Third-Party Solicitor’s referral arrangement with CSOP, including the compensation paid and any additional amounts that may be charged to client and the amount attributable to the referral arrangement.

ITEM 15 — CUSTODY

CSOP does not have physical custody of funds or securities in accounts of its clients. All client assets are kept by external custodians. CSOP does not produce or distribute client account statements. CSOP has designated a third party custodian to custody all assets of the ETFs it advises. Investors in CSOP ETFs receive financial statements audited by an independent public accounting firm in an annual shareholders report.

ITEM 16 — INVESTMENT DISCRETION

CSOP accepts discretionary authority to manage securities accounts on behalf of its clients and substantially all of the accounts we manage are discretionary. As part of the client in-take process, we will review and negotiate an investment management agreement with the client, including a set of investment guidelines governing the management of the account. Amendments to these guidelines may take place on a periodic basis, with the express consent of both the client and CSOP.

CSOP generally receives discretionary authority from its clients to select, and to determine the quantity of securities or financial instruments to be brought or sold for the client's portfolio. In exercising its discretionary authority to make investment decisions for a client's portfolio, CSOP adheres to the investment guidelines, limitations and restriction of the portfolio.

ITEM 17 — VOTING CLIENT SECURITIES

CSOP, as a matter of policy, does not generally accept responsibility for voting proxies for portfolio securities held within client accounts, with the exception of ERISA accounts. There are a few non-ERISA client accounts for which CSOP continues to exercise proxy voting responsibility under grandfathered or negotiated arrangements. With respect to accounts over which CSOP performs proxy voting, it maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about CSOP's proxy policies and practices. Our policy and practice includes the responsibility to receive and vote client proxies where authorized and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. CSOP's advisory agreements evidence the fact that voting authority has been retained by the client. Under ERISA, CSOP is responsible to vote proxies for the client in the absence of specific written acknowledgement by the client that the authority has been retained or granted elsewhere. CSOP seeks to mitigate any conflicts by using the services of a third party voting agent, Broadridge, which will in turn inform custodian to vote on behalf of the client.

Responsibility

The Chief Operating Officer ("COO") is responsible for the implementation and monitoring of CSOP's Proxy Voting Policies and Procedures, including associated practices, disclosures and recordkeeping, as well as oversight of the third party voting agent. The COO may delegate responsibility for the performance of these activities but oversight and ultimate responsibility remain with the COO.

Procedures

CSOP has adopted various procedures to implement the firm's Proxy Voting policy and reviews to monitor and ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate. The procedures are as follows:

Proxy Voting Guidelines

The guiding principle by which CSOP votes, abstains or withholds its vote on all matters submitted to security holders is the maximization of the ultimate economic value of our Clients' holdings. Furthermore, CSOP is mindful that for ERISA and other Covered Person benefit plans, the focus on the realization of economic value is solely for the benefit of plan participants and their beneficiaries. CSOP does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, the guiding principle set forth above. It is our policy to avoid situations where there is any conflict of interest or perceived conflict of interest affecting our voting decisions. Any conflicts of interest, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures

It is the general policy of CSOP to consider voting on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. However,

CSOP reserves the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of CSOP, the costs associated with voting such Proxy outweigh the benefits to Clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of our Clients, in the judgment of CSOP. As a result, a standing instruction for each proxy voting category with rationale and cost/benefit analysis was pre-determined by the portfolio manager and pre-approved by the Board of Trustee of the Reportable Funds (see Appendix A-2 of the CSOP's US Compliance Manual) for such purpose. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote, depending on the nature and details of proxy voting, is ultimately cast on a case-by-case basis, taking into consideration CSOP's contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent CSOP believes appropriate). CSOP may vote proxies related to the same security differently for each Client.

For clients that have delegated to CSOP the discretionary power to vote the securities held in their account, CSOP does not generally accept any subsequent directions on specific matters presented to security holders or particular securities held in the account, regardless of whether such subsequent directions are from the client itself or a third party. CSOP views the delegation of discretionary voting authority as an absolute choice for its Clients. CSOP's clients shall be responsible for notifying their custodians of the name and address of the person or entity with voting authority.

In the event that CSOP acts as investment adviser to a closed-end and/or open-end registered investment company and is responsible for voting their proxies, such proxies will be voted in accordance with any applicable investment restrictions of the fund and, to the extent applicable, any proxy voting procedures or resolutions or other instructions approved by an authorized person of the Fund.

Absent any legal or regulatory requirement to the contrary, it is generally the policy of CSOP to maintain the confidentiality of the particular votes that it casts on behalf of its Clients. Any registered investment companies managed by CSOP disclose the votes cast on their behalf in accordance with all legal and regulatory requirements. Any client of CSOP can obtain details of how CSOP has voted the securities in its account by contacting a service representative at CSOP. CSOP does not, however, generally disclose the results of voting decisions to third parties.

Conflicts of Interest in Connection with Proxy Voting

The COO has responsibility to monitor proxy voting decisions for any conflicts of interests, regardless of whether they are actual or perceived. In addition, all Covered Persons are expected to perform their tasks relating to the voting of Proxies in accordance with the principles set forth above, according the first priority to the economic interests of CSOP's clients. If at any time any Covered Person becomes aware of any potential or actual conflict of interest or perceived conflict of interest regarding the voting policies and procedures described herein or any particular vote on behalf of any Client, he or she should contact any member of the COO or CSOP's CCO. If any Covered Person is pressured or lobbied either from within or outside of

CSOP with respect to any particular voting decision, he or she should contact the COO and/or CSOP's CCO. The portfolio manager, COO and CSOP's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in the best interest of the Clients. The COO may cause any of the following actions to be taken in that regard:

- vote the relevant Proxy in accordance with the vote indicated by the Guidelines;
- vote the relevant Proxy as an Exception (as defined below), provided that the reasons behind the voting decision are in the best interest of the Client, are reasonably documented and are approved by the COO or CCO; or
- direct the third party Proxy Voter to vote in accordance with its independent assessment of the matter.

ITEM 18 — FINANCIAL INFORMATION

CSOP does not require or solicit prepayment of fees from clients.