

**FIRM BROCHURE OF
("Brochure")**

APS ASSET MANAGEMENT INTERNATIONAL LIMITED

(A limited company incorporated in British Virgin Islands and registered with the Securities and Exchange Commission as an Investment Adviser. SEC number 801-73348.)

FORM ADV, PART 2A

The date of this Brochure is 27 March 2020

This Brochure provides information about the qualifications and business practices of APS Asset Management International Limited ('APSIL'). The Brochure is not intended to be a marketing brochure, nor is it designed to provide detailed information on all aspects of APSIL's business. If you have any questions about the contents of this Brochure, please contact us at (65) 6333 8600 or email us at cs@aps.com.sg.

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. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about APSIL is also available on the SEC's website at www.adviserinfo.sec.gov.

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above.

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Table of Material Changes

APS Asset Management International Limited (the "Investment Adviser") is required to identify and discuss any material changes made to its Brochure since the last annual update. This brochure ("Brochure") is the Investment Adviser's Form ADV Part 2 submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II.

There are no material changes regarding our advisory business since the last annual update of this Brochure on 28 March 2019.

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Item 1: Advisory Business

A. Company Profile

APS Asset Management International Limited ("APSIL"), a British Virgin Islands limited company, is an investment adviser founded in 2007. The total discretionary assets under management are US\$287.3 million (as of December 31, 2019). APSIL primarily invests in China A Shares equity and derivatives.

APSIL is licensed by the Financial Services Commission of the British Virgin Islands to carry on the business as manager for mutual funds and managed accounts.

Wang Kangning, Wong Lee Eng and Zhang Qing are the shareholders of APSIL.

APSIL currently acts as the investment manager for the APS China A Share (Cayman) Fund (the "Fund"). APSIL currently does not manage any institutional managed account (the "Managed Account" or "Client", and together with the Fund, the "Clients") but has the capability and track record to do so. Investors in the Fund include foundations, endowments, pension funds and high net worth individuals on a private placement basis. APSIL also maintains an investment advisory agreement with APS Asset Management Pte Ltd ("APS") for the provision of investment management services with full discretion to a private fund managed by APSIL and a service level agreement with APS for the provision of certain investor relations and middle and back office services such as trading, risk management, compliance, client servicing and settlement. For additional information on APS, please see their Form ADV Part 2A, registration No. 801-56213 or visit their website at www.aps.com.sg.

B. Services Provided

APSIL's investment decisions and advice with respect to the Fund is subject to the Fund's investment objectives and guidelines, as set forth in its offering documents. The Fund invests most of its assets directly in China A Shares through the APS' QFII and RQFII quotas ("APS Quota") in shares of companies established or operating in the People's Republic of China ("PRC") which are listed on the China A Share markets of the Shanghai Stock Exchange, Shenzhen Stock Exchange or any other stock exchanges that open in the PRC should it be possible under the PRC laws and regulations for the Fund to do so in the future. In addition, the Fund also invests indirectly in the China A Shares through synthetic or other financial derivative instruments so as to gain access to the China domestic A Share market.

The Investment Adviser may enter into "side letter" agreements or other similar arrangements where one or more investors to the Fund retain additional and/or different rights (including, for example, fee arrangements) than other investors. The Investment Adviser will not enter into a "side letter" with any investor that provides certain investors with preferential redemption rights or liquidity preferences that can potentially create conflicts among investors in the funds.

All "side letter" agreements must be agreed and approved by the directors.

APSIL does not participate in wrap fee programs.

Item 2: Fees and Compensation

A. The Fund

APSIL charges the Fund a management fee and performance fee for its services. The fees applicable to the Fund are set forth in detail in the Fund's offering documents.

The management fee for the Fund is 1% or 1.75% (depending on the share class) per annum, based on the net asset value of the Fund, payable quarterly in arrears. The performance fee is 20% or 0% (depending on the share class) of the appreciation in the net asset value above the high water mark of the share, as increased by the hurdle rate of 8% per annum on a compounding basis, payable in arrears annually. The performance fee is measured using equalisation methodology against the highwater mark and/or hurdle rate. This method ensures that performance fee payable to APSIL is calculated on a share-by-share basis and equates precisely with the performance of each investor. There is a sales charge of up to 5% on the subscription amount. There is a redemption fee of up to 5% on the redemption proceeds. The directors of the Fund may at their discretion rebate the sales charge and redemption fee in whole or part. The Investment Adviser may waive or reduce management and performance fees for certain classes or investors in the Fund, including employees and affiliates of the Investment Adviser, in its discretion.

As the Fund invests most of its assets directly in China A shares through the APS Quota, APSIL has also appointed APS as the investment advisor to the Fund with effect from 4 March 2013 where it sub-delegates part or all of its duties to APS.

Certain of the fees earned by APSIL are shared with APS. There is no duplication of fees paid. APSIL may enter into distribution agreements where it would share with the distributors a portion of its fees generated from investors.

The Fund bears the following expenses: legal, auditing and accounting fees, tax preparation expenses, investment expenses and all other expenses of each respective Fund, including, without limitation, custodian fees, taxes on securities transactions, brokerage fees and commissions and any other similar fees, clearing expenses, government registration fees, fees to an administrator, entity-level taxes, organizational expenses and other similar or extraordinary expenses related to the operation of the Fund. Such expenses are generally shared on a pro rata basis by all the investors in the Fund.

B. Managed Account

APSIL currently does not manage any institutional managed account. In the event that APSIL manages any managed account, fees for the Managed Account are subject to negotiation and established pursuant to the account's investment management agreement. Circumstances considered when negotiating fees for segregated mandates may include, without limitation, market rates, specialized guidelines, and other performance fee arrangement with the client.

All invoices are billed on quarterly basis in arrears. APSIL does not deduct fees from the Client's assets. APSIL does not provide custody of Client's assets. All assets are kept with the Client's appointed custodian under the Client's name. The Client negotiates their own custody fees with the custodian.

C. Advance Payment of Fees

All invoices are calculated and billed in arrears. No advance fee payment is paid by the Clients.

Item 3: Performance-Based Fees and Side-By-Side Management

As described in Item 2, the investors in the Fund pay a performance fee while the Managed Account does not.

The side-by-side management of portfolios with different fee structures may create a potential conflict of interest. The portfolio managers may have an incentive to favor the portfolio with the higher fee structure. This conflict of interest is mitigated by managing the portfolios in accordance with their investment strategy and guidelines and in accordance to the trade allocation policies to treat client's portfolios fairly and equitably as discussed in Item 9. The payment of a performance fee may create an incentive for the portfolio managers to cause the Fund to make investments that are riskier or more speculative than would be the case if the performance fee were not payable or based solely on a flat percentage of assets under management. This incentive may be particularly acute when the Investment Adviser's incentive fee is payable only upon exceeding a hurdle rate or high-water mark and performance of the Fund is below any such hurdle or high-water mark.

Compensation for the portfolio management team is subject to the performance of their portfolio, company's profitability and annual appraisal by their immediate supervisor. The portfolio management team are paid basic wages and a performance bonus. Since the performance bonus for the portfolio management team is based on the performance of the portfolios under their management, this may create an incentive for them to make investments that are riskier or more speculative than would be the case if they did not receive a performance bonus. To minimize the risk that the portfolio management team may take on higher risks in their portfolios to enhance individual performance, the performance incentive earned by the investment staff in any one year is added to an existing bonus pool; where 40% of the bonus pool is paid in the current year and the balance of 60% is accumulated in an accrued bonus pool for the following years and subject to offsets of underperformance in following years.

Item 4: Types of Clients

APSIL provides investment advice to the Fund and Managed Account, if any, as described in Item 1. Generally, investors in the Fund may include high net worth individuals, pension funds, foundations, and family offices based in North America, Europe and Asia. The constituent documents for the Fund set minimum amounts for investment by prospective investors. Investors should refer to the

Fund's offering documents for full details on the share classes and minimum investment amount. The Investment Adviser has waived, and reserves the right to modify or waive, the minimum initial investment amount for the Fund from time to time. For managed accounts, the minimum account size is negotiable and will depend on the type of product and investment strategy.

The Funds' investment advisory contracts may be terminated upon 90 days' prior written notice. The termination provisions for the Managed Account, if any, are subject to negotiation and established pursuant to the account's investment management agreement.

Item 5: Methods of Analysis, Investment Strategies and Risk of Loss

The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any investor will be achieved.

APS China A Share (Cayman) Fund

The investment objective of the Fund is to achieve long term capital appreciation. The Fund aims to provide an annual return of more than 8% in US Dollar terms each year through actively managing the portfolio. APSIL has signed an Investment Advisory Agreement with APS to which the Investment Adviser may sub-delegate part or all of its duties to APS. APS is appointed to provide certain investment related services to the Fund.

Currently only foreign investors who are QFIs and/or RQFIs approved by the China Securities Regulatory Commission ("CSRC") can invest directly in A Shares or through Stock Connect. Therefore, in order to meet its investment objective, the Fund will invest most of its assets directly in China A Shares through the APS Quota in shares of companies established or operating in the PRC which are listed on the A Share markets of the Shanghai Stock Exchange, Shenzhen Stock Exchange or any other stock exchanges that open in the PRC should it be possible under the PRC laws and regulations for the Fund to do so in the future. In addition, the Fund will also invest indirectly in the China A Shares through synthetic or other financial derivative instruments such as Participating Notes, Equity Linked Notes or equity swaps that have exposures to companies established or operating in the PRC which are listed on the A Share markets of the Shanghai Stock Exchange, Shenzhen Stock Exchange or any other stock exchanges that open in the PRC issued by the QFI quota holders with whom the Fund has entered into agreements.

The Fund shall attempt to achieve its investment objective by primarily investing directly in China A Shares through the APS Quota in shares of companies established or operating in the PRC which are listed on the A Share markets of the Shanghai Stock Exchange, Shenzhen Stock Exchange or any other stock exchanges that open in the PRC should it be possible under the PRC laws and regulations for the Fund to do so in the future. The Fund may also invest directly into A Share markets should it be possible under the PRC laws and regulations for the Fund to do so in the future. The Fund may also seek exposure to the A Shares market through synthetic and other financial derivative instruments with underlying exposure to Chinese A Share companies.

The Fund also reserves the right to invest in warrants, convertible bonds, PRC government bonds and debt securities issued by PRC companies directly through APS quota or through synthetic and other financial derivative instruments. In addition, the Fund may engage in stock lending in respect of the China A Shares when such investment is allowed by the PRC regulations.

Investors should refer to the Fund's offering documents for full details of the Fund's objectives and investment restrictions.

Investment Risk

Successful implementation of the investment strategy adopted by APSIL requires accurate assessments of general economic conditions, the detailed analysis of individual companies or industries, the relationship between a security and its derivatives, the risk correlation between a wide variety of investments, and the future behaviour of other financial market participants. Even with the most careful analysis, the direction of the financial markets is often driven by unforeseeable economic, political and other events and the reaction of market participants to these events. There can be no assurance that this strategy will be successful and an unsuccessful strategy may result in significant losses to the investors.

Investors should be aware that the value of their investments and the return derived from them can fluctuate. There can be no assurance that the investments will achieve their investment objectives. In addition, though the investments are managed in a prudent manner and in accordance with the investment policies, restrictions and risk management policies in the prospectuses or investment management agreements, there can be no guarantee that losses will be avoided at all times. As is true of any investment, there is a risk that an investment made by APSIL in equities or derivatives will be lost entirely or in part. The past performance may not be construed as an indication of the future results of an investment managed by APSIL.

The following investment restrictions apply to all investments made by the Fund:

- (i) The Fund may not take legal or management control of the issuer of any of its underlying investments;
- (ii) The Fund will adhere to the principle of risk spreading in relation to its use of derivatives and money market instruments, other than for the purpose of efficient portfolio management;
- (iii) The Fund may not make loans except that the Fund may lend securities to enhance its return;
- (iv) The Fund may not deal in short sales of securities or maintain a short position in any security;
- (v) The Fund may have short-term credits as may be necessary for the clearance or settlement of transactions; and

- (vi) The Fund may not purchase or sell commodities, commodity contracts or real estate, however the Fund may invest in synthetic and other financial derivative instruments with underlying exposure to companies that invest in real estate or interests in real estate.

The investment restrictions above apply to any investment at the time that investment is made. Where a restriction is breached, the Investment Adviser will ensure that immediate corrective action is taken except where the breach is due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment. However, the Investment Adviser must have regard to the investment restrictions when considering changes in the investment portfolio of the Fund.

In addition to the investment restrictions outlined above, the Fund is subject to certain restrictions due to the investment restrictions as outlined in any ISDA Master Agreement and as disclosed in the offering documents.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. The Clients may be subject to certain of the following risks:

Political and/or Regulatory Risk

The value of the Fund's assets may be adversely affected by uncertainties such as international political developments, changes in PRC government policies which may include, among other things, changes in taxation, economic policy, investment restrictions on foreign investment and foreign currency conversion, repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Fund is exposed through its investments in certain assets.

Interest Rate Fluctuations

The prices of some of the financial derivative instruments that the Fund invests in such as swaps may be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the Fund's long portions to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the costs of borrowing by the Fund.

To the extent that interest rate assumptions underlie the hedge ratios implemented in hedging a particular position, fluctuations in interest rates could invalidate those underlying assumptions and expose the Fund to losses.

Liquidation of Fund Securities

The method and timing of liquidating investments and of exit strategies are critical elements of maximising the Fund's returns. The Fund may liquidate investments through sales on public exchanges, underwritten registered offerings or sales in the public market pursuant to exemptions

from registration. A portion of the investments held by the Fund may be subject to transfer restrictions, imposed by law because they are acquired in private placement transactions, which may make the sale of those investments more difficult to achieve.

Suspension of Trading

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. A suspension could render it impossible for the Investment Adviser to liquidate positions and thereby expose the Fund to losses.

Availability of Investment Opportunities

The business of identifying and structuring investments of the types contemplated by the Fund is competitive, and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that the Fund will be able to identify and complete attractive investments in the future or that it will be able to invest fully its subscriptions. Moreover, identification of attractive investment opportunities by the Fund is difficult and involves a high degree of uncertainty. Even if attractive investment opportunities are identified by the Investment Adviser, there is no certainty that the Fund will be permitted to invest in such opportunity (or invest in such opportunity to the fullest extent desired).

Hedging

The Fund may utilise a variety of financial instruments, such as derivatives, options, caps and floors and futures contracts, to seek to hedge against declines in the values of the Fund's positions as a result of certain changes in the equity markets and other events. Hedging against a decline in the value of the Fund's positions does not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the Fund's positions' value. Such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all.

The Fund is not obligated to establish hedges for its positions and may decline to do so. To the extent that hedging transactions are effected, their success is dependent on the Investment Adviser's ability to correctly predict movements in the direction of the equity markets or sectors thereof or other events being hedged against. Therefore, while the Investment Adviser may enter into such transactions to seek to reduce the risks of a decline in the equity markets generally or one or more sectors of the equity markets in particular, or the risks posed by the occurrence of certain other events, unanticipated changes or increases or smaller than expected decreases in the equity markets or sectors being hedged or the non-occurrence of other events being hedged against may result in a poorer overall performance for the Fund than if the Investment Adviser had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in hedging strategies and price movements in the Fund's position being

hedged may vary. Moreover, for a variety of reasons, the Investment Adviser may not seek to establish a perfect correlation between such hedging instruments and the Fund's holdings being hedged. Such imperfect correlation may prevent the Investment Adviser from achieving the intended hedge or expose the Fund to additional risk of loss.

Leverage, Interest Rates and Margin

The Fund may directly or indirectly borrow funds from brokerage firms and banks. In addition, the Fund may "leverage" its investment return with options, swaps, forwards and other derivative instruments. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly, by the Fund would be magnified to the extent that leverage is employed by the Fund. The cumulative effect of the use of leverage by the Fund, directly or indirectly, in a market that moves adversely to the investments of the entity employing the leverage could result in a loss to the Fund that would be greater than if leverage were not employed by the Fund. In addition, to the extent that the Fund borrows, the rates at which it can borrow will affect the operating results of the Fund. In general, the Fund's anticipated use of borrowing results in certain additional risks to the Fund.

Duplication of Costs

It should be noted that the Fund incurs costs of its own management and fees paid to the Administrator and the Investment Manager. In addition, the Fund may incur similar costs if it invests in underlying funds in its capacity as an investor in such underlying funds which in turn pay similar fees to their underlying fund manager and other service providers.

Where an underlying fund is a fund of funds scheme, the underlying fund shall pay a proportion of the fees and expenses of the fund in which it invests such as the fees and expenses payable to the investment manager and other service providers to such fund in addition to its management fees and other expenses at the fund of funds level resulting in three layers of such fees.

Emerging Markets

The Fund will invest in assets in an emerging market. Investing in an emerging market involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for US Dollars; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and

custody arrangements; (xii) less protection through registration of assets and (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and protection of shareholders.

Non-US Securities

Investing in securities of non-US entities that are generally denominated in non-US currencies and utilization of options on non-US securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the US government or entities organized or domiciled in the United States. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act

During the financial crises of 2008-2009, global financial markets went through pervasive and fundamental disruptions that led to extensive and unprecedented governmental intervention. Such intervention, in certain cases, was implemented on an emergency basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, as one would expect given the complexities of the financial markets and the limited time frame within which governments felt compelled to take action, these interventions typically were unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may from time to time cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

In response to the financial crises of 2008-2009, the U.S. government passed into law the Reform Act in July 2010. The Reform Act established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially altered the regulation of many other markets, market participants and financial instruments. Although most provisions of the Reform Act have been implemented, certain provisions require rulemaking by the applicable regulators before becoming fully effective. Accordingly, it is difficult to predict the ultimate impact of the Reform Act on the Fund and the Investment Manager and the markets in which they trade and invest. The Reform Act could result in certain investment strategies

in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Reform Act and regulations adopted pursuant to the Reform Act could have a material adverse impact on the profit potential of the Fund.

Over-the-Counter Transactions

The Reform Act, includes provisions that comprehensively regulate the over-the-counter (OTC) derivatives markets and mandates that a substantial portion of OTC derivatives be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements mandated by the CFTC, SEC and/or federal prudential regulators. OTC derivatives dealers also typically demand the unilateral ability to increase the Company's collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. Pursuant to the Reform Act, U.S. regulators have also imposed margin requirements on derivatives dealers with respect to non-cleared OTC derivatives, including rules governing the holding and protection of collateral posted to satisfy such margin requirements. This has increased OTC derivative dealers' costs, which costs are generally passed through to other market participants in the form of higher fees and less favourable dealer marks.

With respect to cleared OTC derivatives, the Fund will not face a clearinghouse directly but rather will do so through an OTC derivatives dealer that is registered with the CFTC or SEC and that acts as a clearing member. The Fund may face the indirect risk of the failure of another clearing member customer to meet its obligations to its clearing member. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse triggered by a customer's failure to meet its obligations to the clearing member.

The CFTC also now requires certain derivative transactions that were previously executed on a bilateral basis in the OTC markets to be executed through a regulated futures or swap exchange or execution facility. The SEC is also expected to impose similar requirements on certain security-based derivatives, though it is not yet clear when these parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly for investment funds, including the Fund, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Registration requirements and compliance further increase the overall costs for OTC derivative dealers, which costs may be passed along, at least partially, to market participants. The overall impact of the Reform Act on the Company remains uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Although the Reform Act requires certain OTC derivative transactions to be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by the Fund may remain principal-to-principal or OTC contracts between the Company and third parties entered into privately. The risk of counterparty non-performance can be significant in the case of these OTC

instruments, and bid-ask spreads may be unusually wide in these heretofore substantially unregulated markets. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Fund's assets, include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risk (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Regulatory Change

The regulation of the non-US securities markets and of investment funds such as the Fund has undergone substantial change in recent years, and such change is expected to continue for the foreseeable future. The effect of regulatory change on the Fund, while impossible to predict, could be substantial and adverse. There have recently been certain well-publicized incidents of regulators unexpectedly announcing regulatory changes or interpretations that prohibited strategies that had been implemented in a variety of formats for many years. For instance, in September 2008 the SEC and various non-US regulatory bodies imposed temporary bans on short-selling in a variety of stocks, and adopted permanent regulations that may have the effect of making short-selling more difficult or costly. These actions were generally regarded as disrupting market fundamentals and causing unexpected and volatile increases in the stock prices of a variety of issuers, as short sellers closed out their positions by buying securities. Market disruptions like those experienced in the credit-driven equity market collapse in 2008, as well as the dramatic increase in the capital allocated to alternative investment strategies during recent years, have led to increased governmental as well as self-regulatory scrutiny of the hedge fund industry generally.

Investment Regulations

At present, the securities market and the regulatory framework for the securities industry in China is less developed than the other more developed financial markets. The CSRC is responsible for supervising the national securities markets and producing relevant regulations. The Investment Regulations give CSRC and the PRC State Administration of Foreign Exchange ("SAFE") wide discretion and there is no precedent or certainty as to how this discretion might be exercised, either now or in the future. The Investment Regulations may be revised from time to time. Although it is hoped that any such revisions to the Investment Regulations will not prejudice the Fund, there can

be no assurance that this will be the case. Investment Quotas (including those QFII/RQFII which the Fund has agreements with) are subject to review from time to time by CSRC and SAFE.

Quotas

Investments by the Fund will principally be made through the QFII Quotas and RQFII Quotas. However, the Fund does not have exclusive use of the Quotas it may invest through. The Investment Regulations apply to each Quota as a whole, and not simply to investments made by the Fund. Thus investors should be aware that violations of the Investment Regulations arising out of activities related to portions of the relevant Quota other than those which are utilised by the Fund could result in the revocation of or other regulatory action in respect of the Quota as a whole, including any portion utilized by the Fund. Hence the ability of the Fund to make investments may be affected adversely by the investments and performance of other investors utilizing the relevant Quota. The Fund may make investments through additional QFII/RQFII that enter into an arrangement with the Fund subsequent to a Shareholder investing in the Fund.

It shall be noted that pursuant to the Provisions on the Administration of Foreign Exchange in Domestic Securities Investments by QFIIs and the Notice on Relevant Issues of Domestic Securities Investment in China by RQFIIs, QFIIs and RQFIIs are not allowed to transfer or resell their Investment Quotas. However, the definition of transferring or resale of Investment Quotas is not yet clear. There is no assurance that the investment programme of the Fund will not be deemed to be transferring or resale of Investment Quotas due to further implementation rules or future policies or in the opinion of the competent regulatory authority.

Under the prevailing regulations, the holdings by a single foreign investor should not exceed 10% of the shares of any listed company in the PRC and the aggregate holdings of all foreign investors in any listed company in the PRC cannot exceed 30% of the total number of shares in such a company.

Custody

China A Shares dealt on the Shanghai and Shenzhen stock exchanges are dealt and held in dematerialized form through the China Securities Depository & Clearing Corporation Limited ("CSDCC"). The securities such as equity linked notes, participating notes and equity swaps with indirect underlying exposure to A Shares purchased by the Fund through a Quota are not recorded by the CSDCC. The A Shares are credited to a securities trading account maintained in the name of the relevant QFII/RQFII, the licensed custodian bank of the relevant Quota and the PRC securities trading house for the relevant Quota. The Fund's interest in such investments will not be recognized by CSDCC, the relevant licensed custodian bank or any PRC legal or regulatory body. Accordingly, the Fund's assets may not be as well protected as they would be if it were possible for them to be registered and held directly in the name of the Fund or by a custodian or nominee of the Fund.

The evidence of title of exchange-traded securities in the PRC consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

PRC Governmental, Economic and Related Considerations

The PRC economy has been a planned economy since 1949. One, five and ten-year state plans are adopted by the PRC government in connection with the development of the economy. Although state-owned enterprises still account for a substantial portion of the PRC's industrial output, the state, in general, is reducing the level of direct control which it exercises over the economy through state plans and other measures, and there is an increasing degree of liberalization in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "socialist market economy".

During the past 30 years, the PRC government has been reforming the economic and political systems of the PRC, and these reforms are expected to continue. Many of the reforms are unprecedented or experimental and are expected to be refined or changed. Other political, economic and social factors could also lead to further readjustments to the reform measures. The Fund's operations and financial results could be adversely affected by adjustments in the PRC's state plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners.

The PRC economy has experienced significant growth in the past twenty years, but such growth has been uneven both geographically and among the various sectors of the economy. The PRC government has implemented various measures from time to time to control inflation and to regulate economic expansion with a view to preventing overheating of the economy.

The transformation from a centrally planned, socialist economy to a more market-oriented economy has also resulted in many economic and social disruptions and distortions. Moreover, there can be no assurance that the economic and political initiatives necessary to achieve and sustain such a transformation will continue or, if such initiatives continue and are sustained, that they will be successful.

In the past the PRC government has applied nationalisation, expropriation, confiscatory levels of taxation and currency blockage. There can be no assurance that this will not re-occur and any re-occurrence could adversely affect the interests of the Fund.

Corporate Disclosure, Accounting and Regulatory Standards

PRC's disclosure and regulatory standards are in many respects different and less stringent than standards in countries that have more developed financial markets. There may be less publicly available information about PRC companies than is regularly published by or about companies from OECD countries. Such information as is available may be less reliable than that published by or about companies in OECD countries.

PRC companies are subject to accounting standards and requirements that differ in significant respects from those applicable to companies established or listed in OECD countries.

Securities Markets

The PRC securities markets, including the Shanghai Stock Exchange and Shenzhen Stock Exchange, are undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations. In addition, there is regulation and enforcement activity in the PRC securities markets which may not be equivalent to markets in OECD countries. There may not be equivalent regulation and monitoring of the PRC security market and activities of investors, brokers and other participants to that in certain OECD markets.

The A Shares market is a developing financial market such that the indirect investment undertaken by the Fund to gain exposure to underlying A Shares by means of financial derivative instruments may be disrupted if during the term of the participating notes or equity linked notes, changes are adopted in any applicable law or regulations such that it becomes illegal for the issuers to issue such instruments. As the Fund invests part of its assets in such instruments, it may suffer substantial losses in the event that this is the case.

Trading Volumes and Volatility

The listed equity securities of many companies in the PRC are subject to greater dealing spreads and experience materially greater volatility than those of OECD countries. Government supervision and regulation of the PRC securities market and of quoted companies is also less developed than in many OECD countries. In addition, there is a high measure of legal uncertainty concerning the rights and duties of market participants with respect to investments made through securities systems or established markets.

The PRC stock market has in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the Fund's Net Asset Value, the ability to redeem Shares and the price at which the Shares may be redeemed.

Exchange Rate Risk

The Fund invests primarily in instruments with underlying securities denominated in RMB but its Net Asset Value will be quoted in US Dollars. Accordingly, a change in the value of RMB against US Dollars will result in a corresponding change in the Net Asset Value of the Fund. For the purposes of QFII investment RMB is exchangeable into US Dollars at prevailing market rates. The Fund may (but is not obliged to) seek to hedge foreign currency risks but as the foreign exchange of RMB is regulated, such hedging is likely to be an imperfect hedge in that it could involve hedging a currency that has historically been correlated to RMB and may be expensive. There can be no assurance that any hedging, particularly such imperfect hedging, will be successful and indeed could actually be counter-productive. Equally, failure to hedge foreign currency risks may result in the Fund bearing the burden of exchange rate fluctuations.

PRC Laws and Regulations

The PRC's legal system is based on written statutes. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. Generally, the PRC economy is developing at a faster pace than its legal system therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application. Precedents on the interpretation, implementation and enforcement of PRC laws and regulations are currently limited and the decisions of the PRC courts do not bind the same in subsequent cases. The administration of the PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. In particular, as mentioned above, the Investment Regulations are relatively new and may have no operating history. Because these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve significant uncertainty. In addition, the PRC laws governing business organizations, bankruptcy and insolvency provide substantially less protection to security holders such as the Fund than that provided by the laws of more developed countries.

PRC Tax Risk

The value of the Fund's direct and indirect investment in A Shares (and hence the Net Asset Value and Redemption Price per Share) will be affected by taxation levied against the APS Quota or the relevant QFII/RQFII or in respect of investments held in the synthetic or financial derivative instruments linked to the A Shares. The PRC taxation regime that apply to QFIIs/RQFIIs and investments made in or through a Quota is not clear. The interpretation and applicability of existing PRC tax laws may not be as consistent and transparent as those of more developed nations, and may vary from region to region. There is a possibility that the current tax laws, regulations, and practice in the PRC may be changed with retrospective effect in the future. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any of these changes may reduce the income from, and/or value of, the PRC investment.

There can be no guarantee that new tax laws, regulations, and practice in the PRC that may be promulgated in the future will not adversely impact the tax exposure of the PRC investment.

in light of the legal and regulatory uncertainties, provision for taxes may be made in respect of the PRC investment. Any provision for taxes made may be more or less than the PRC investment's actual PRC tax liabilities. Any shortfall may be debited from the PRC investment's assets to meet the actual PRC tax liabilities. As a result, the income from, and/or the performance of the PRC investment may be reduced/adversely affected. The PRC taxation laws do not currently expressly contemplate the treatment of QFIIs/RQFIIs and investment made through a Quota except with regard to the application of value-added tax and withholding tax on dividends and interest. Please see the section on taxation titled "PRC" for further details.

In November 2014, the Ministry of Finance and State Administration of Taxation of the PRC jointly issued a statement that, effective from 17 November 2014, gains realized on and after 17 November

2014 through the QFII or RQFII schemes from the sale of equity investment such as shares are temporarily exempted from income tax. Gains derived before 17 November 2014 should be subject to income tax. As such, the Fund has stopped making income tax provisions for realized gains made on and after 17 November up to any future date to be specified by the Chinese authorities.

The above measures apply to Fund for the portion where the realised gains were arising from use of APS Quota and broker's Quota.

The section on PRC taxation contained in the section titled "Additional Information" in the Fund's offering documents has been prepared on the advice of the Fund's PRC legal counsel's interpretation of existing PRC tax laws as at the date of the offering document. However, this advice is not free from qualification and hence the effective rate or rates of taxation borne by the Fund may be more or less than that indicated in such section. In addition, specific taxation laws and practices may develop with respect to QFIIs/RQFIIs and Quotas which may be more or less favorable than current laws and practices and/or the interpretation of such laws and practices by the Fund's PRC legal counsel. The value of the Fund's investments in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or changes in the basis of taxation.

Liquidity and Exchange Controls

Shares are only redeemable at the option of Shareholders on a Dealing Day subject to the restrictions and limitations as set out in the offering memorandum of the Fund. The ability of the Fund to redeem Shares depends, inter alia, on the PRC laws, the terms of each agreement with its counterparty and practice affecting the Fund's ability to liquidate investments and to remit the proceeds thereof out of the PRC. Repatriations by QFIIs and RQFIIs are currently not subject to repatriation restrictions or prior approval, although authenticity and compliance reviews will be conducted by the custodian bank. Any restrictions on repatriation of the invested capital and net profits out of China may impact on a QFII / RQFII Fund's ability to meet redemption requests from the Fund. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control. Therefore, the Fund may be subject to liquidity risk. Accordingly, Shareholders should not have an expectation that their investment in the Fund could be realized within a reasonable period other than through a sale of such Shares on the secondary market. Although the Fund will endeavour to achieve liquidity to fund all redemptions, if the Fund is unable to liquidate sufficient participating notes, equity linked notes, or equity swaps or maintain sufficient cash, the redeeming Shareholder may not be able to redeem on its desired Dealing Day.

At present, RMB is a restricted currency and is not freely convertible. The conversion is subject to approval from SAFE. The Fund is directly exposed to exchange control risk through its investment in A Shares, participating notes, equity linked notes or equity swaps. The PRC authorities may change the current exchange control such that it may adversely impact the payments of the A Shares, participating notes, equity linked notes or equity swaps.

The Directors do not anticipate that an active secondary market will be developed or maintained. Accordingly, it may not always be possible for a Shareholder promptly to realise an investment at a price which equates substantially to the Net Asset Value per Share of the Fund.

Equity Linked Notes, Participating Notes and Equity Swaps

Equity linked notes, participating notes and equity swaps are financial derivative instruments. Their value is derived from the value of the underlying security to which they are linked, in this case the A Shares traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange. Normally the value of the equity linked notes, participating notes or equity swaps will correspond to the value of the underlying shares they are linked to, in that the value of the equity linked notes, participating notes or equity swaps will rise or fall in proportion with that of the underlying shares in the market. As these notes or securities are linked to the equity of A Share companies, the special risks of investing in the PRC as outlined above equally apply to equity linked notes, participating notes and equity swaps. In addition, the following risk factors may apply.

The equity linked notes and participating notes may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the Investment Adviser's investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the equity linked notes, participating notes and equity swaps. Investments in equity linked notes, participating notes and equity swaps can be illiquid as there may not be an active market in them even though their liquidity is generally linked to the underlying securities. In order to meet realization requests, the Fund may rely upon the counterparty issuing the equity linked notes, participating notes and equity swaps to quote a lower price to unwind any part of the equity linked notes, participating notes and equity swaps. This price will reflect the market liquidity conditions and the size of the transaction.

By investing through equity linked notes, participating notes and equity swaps, the Fund is taking on the credit risk of the issuers of the equity linked notes, participating notes and equity swaps. There is a counterparty risk that the issuer will not settle a transaction due to a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed.

An investment in equity linked notes, participating notes and equity swaps entitles the holder to certain cash payments calculated by reference to the A Shares to which the equity linked notes, participating notes and equity swaps are linked. It is not the same as an investment directly in the A Shares themselves. An investment in the equity linked notes, participating notes or equity swaps does not entitle the Fund to the beneficial interest in the A Shares nor to make any claim against the company issuing the A Shares.

Investment through equity linked notes, participating notes and equity swaps may lead to a dilution of performance of the Fund when compared to a fund investing directly in similar assets. In addition, when the Fund intends to invest in a particular A Share through equity linked notes, participating notes or equity swaps, there is no guarantee that subsequent application for Shares in the Fund can be immediately invested in such an A Share through an equity linked notes, participating notes or equity swaps. This may impact the performance of the Fund.

Fluctuation in the exchange rate between the denomination currency of the A Shares and the equity linked notes, participating notes or equity swaps will affect the value of the equity linked notes, participating notes or equity swaps, the redemption amount and the distribution amount on them.

Counterparty and Credit Risks of the Participating Notes, Equity Linked Notes and Equity Swaps

The Fund may gain exposure to A Shares through participating notes, equity linked notes and equity swaps. They are generally issued by investment banks or broker-dealers and are designed to offer a return linked to an underlying common stock. An investment in participating notes or equity linked notes carries additional risks compared with a direct investment in the underlying security. Participating notes, equity linked notes or equity swaps are generally unsecured contractual obligations of the issuer. They do not provide the Fund with legal or equitable rights in the underlying A shares. Furthermore, the value of the Fund's investment in the participating notes, equity linked notes and equity swaps is also exposed to the creditworthiness of the counterparty issuing them. As the Fund transacts with only a limited number of QFII providers, there is a possibility that a significant proportion of the assets of the Fund may be held by one single provider which may give rise to higher concentration risk. Any insolvency event in relation to or other failure by the issuers to perform their obligations under the participating notes, equity linked notes or equity swaps will have an adverse impact on the Fund. The Fund may suffer losses of up to the full value of the participating notes, equity linked notes or equity swaps issued by a defaulting issuer. In addition, there is no assurance that there will be a trading market for the participating notes, equity linked notes and equity swaps or that the trading price will equal the underlying A Shares. In the event of a default of an issuer of the participating notes, equity linked notes or equity swaps, the Directors may suspend the subscription and redemption of Shares in the Fund.

Investors should refer to the Fund's offering documents for full details of the risk factors of investing in the Fund.

Item 6: Disciplinary Information

As at the reporting date, APSIL is not aware of any legal or disciplinary events that are material to the client's evaluation of our business or the integrity of our management.

Item 7: Other Financial Industry Activities and Affiliation

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. While APSIL may trade commodity

futures and/or commodity options contracts, it is exempt from registration with the Commodity Futures Trading Commission ("CFTC") as a CPO pursuant to CFTC Rule 4.13(a)(3).

APSIL is a "related person" to APS, a limited company organized in Singapore. The employees responsible for making investment decisions for APSIL are also responsible for managing certain APS funds or client assets that are substantially similar or identical to the Fund managed by APSIL. APSIL employees are co-employed by APS and APSIL and receive compensation from both APS and APSIL to manage products that are substantially similar or identical. Further, certain APSIL employees have ownership interests in APS. APSIL maintains a service level agreement with APS for the provision of certain investor relations and middle and back office services, including trading, client services, investment administration, risk management, compliance and operational matters. Therefore, certain key APSIL positions such as Chief Compliance Officer and Chief Operating Officer are served by APS officers. The Chief Investment Officer of APSIL also serves as Deputy Chief Investment Officer of APS. Certain directors of the Fund have direct ownership in APS and also serve on the Board of Directors for APS and co-employed by both APSIL and APS. Some of the owners of APSIL likewise have employment relationships with both APS and APSIL. For additional information on APS, please see their form ADV 2A, registration no. 801-56213.

Executive officers and employees of APSIL, including those with ownership interests in APS but not APSIL, may have conflicts of interest in allocating their time and resources between APS and APSIL, in allocating investments between APS and APSIL and in effecting transactions between APS and APSIL. Such employees are generally only required to devote so much of their time to APSIL as is reasonably necessary in good faith. Any conflicts of interest for directors of the Fund are subject to their duties as fiduciaries to the Fund.

The Clients will not have any right to any income or profits derived by assets managed by APS. Different performance and management fees may be charged by substantially similar products managed by APS, which may also create a conflict of interest with APSIL.

Although APSIL's Fund and certain APS accounts generally have similar and overlapping investment strategies, their investment programs may differ. APSIL and APS may have conflicting interests with respect to their investments, including with respect to selling objectives, taxes, performance, liquidity, timing and other objectives. APSIL may give advice, and take action, with respect to similarly situated APS assets which may differ from the advice given, or the timing or nature of action taken with respect to the APS managed assets. The portfolio strategies that APSIL may use for the Fund could conflict with the transactions and strategies employed by APS and could affect the prices and availability of the securities and other financial instruments in which APSIL invests.

To address these potential conflicts of interests in its relationships, APSIL has adopted policies and procedures, including a Code of Ethics, as discussed in Item 8. Other than as referenced above, APSIL is not aware of any other material affiliations.

Item 8: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

APSIL follows the APS' Code of Ethics (the "Code"), which will be provided upon request to any investor or prospective investor.

The Code follows the principle that officers, directors and employees owe a fiduciary duty to APSIL Clients. Accordingly, APSIL must avoid activities, interests and relations that might interfere or appear to interfere with making decisions in the best interests of the APSIL Clients or otherwise take unfair advantage of their position. The Code focuses on a wide range of important considerations including, but not limited to: outside business activities, potential conflicts of interest, confidentiality, disciplinary matters, personal trading, insider trading and prohibited transactions. Any violations of the Code must promptly be reported to the Chief Compliance Officer.

Cross Trades

APSIL may determine that it would be in the best interests of certain clients to transfer an identical security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction. APSIL may engage in a Cross Trade only if the following conditions are met:

- APS determines that the Cross Trade is in the best interests of each client involved in the Cross Trade.
- APS takes steps to ensure that the transaction is consistent with the duty to seek best execution for each client involved in the Cross Trade.
- The Cross Trade is effected at "arm's length" through a trading floor or electronic trading system; no Cross Trade may be effected internally.
- Each client involved in the Cross Trade provides written consent to the transaction.
- The Cross Trade is effected in compliance with all applicable regulations.

For the avoidance of doubt an identical security does not include derivatives or alternative listings of the same underlying i.e. H share, A share, ADR or options. There are situations when buying and selling the same security is not regarded as a cross. Examples are:

- Programme or basket trades are excluded on the basis that traders do not include a security in a programme trade if it is illiquid or difficult to trade.
- The security is liquid. An order is termed liquid for the purpose of this exception if either side of the resulting cross is < 25% of the Average Daily Volume (with a 20-day look back).

Principal Transactions

To the extent that Cross Trade may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act.

Personal Trading Policy

APSIL permits its employees to engage in personal trades provided that:

- (a) The Fund are not disadvantaged by these personal trades;
- (b) Employees do not benefit personally from the trades undertaken for the Fund ; and
- (c) Employees comply with all existing and applicable regulatory requirements; and
- (d) All personal trades are conducted in compliance with the provisions regarding personal trading contained in the Code.

APSIL shall at all times deal fairly with the Fund and place the Fund's interest first; thereby eradicating, to the fullest extent possible, conflict or potential conflict of interest and giving clients the confidence that they are dealing with APSIL where fair dealing is central to its corporate culture.

To address the possible conflict of interest where the Investment Adviser, its affiliates or employees recommend a particular transaction because of a financial interest held by any such person in such securities, employees are prohibited from engaging in personal trades on the same securities when the Fund is making transactions on behalf of clients. Employees can only engage in personal trades on the same securities one clear day after the Fund has completed buying or selling of the securities for its clients. Personal trades include those made for trades transacted for the account(s) over which employees have some control/influence. Employee must seek the prior written approval of Management (i.e. the Chief Compliance Officer, and in his absence, the CEO or COO) before engaging in personal trades. The employee is also required to obtain confirmation from a member of the dealing team certifying that the Fund is not currently making any transaction on the same securities the employee intends to buy or sell.

Employees are also prohibited to trade (buy and sell) the same securities within a sixty (60) calendar-day duration ("short-term trades"). Employee is required to submit to the Compliance Department:

- (a) an initial disclosure of personal holdings within 10 days of the commencement of employment. A Nil return is also required;
- (b) a quarterly report within thirty (30) days from the close of the calendar quarter; detailing all personal trades (buy/sell) transacted in the calendar quarter just ended. Employees shall also submit a Nil return;
- (c) a list of all their personal securities holdings by 30 days after the end of each calendar year, where the information is current as of a date no more than 45 days prior to the date the report was submitted.

APSIL employees also invest alongside its clients in the Fund APSIL manages, both to align the interest of the company and its clients and as a show of confidence. To avoid front running, employee investments in the Fund are subject to the same subscription and redemption deadlines as with the other investors of the Fund in accordance with the offering memorandum of the Fund. All management and performance fees are waived for employee investments in the Fund. This may create a potential conflict of interest where the portfolio manager may favor the Fund over the

Managed Account. To mitigate this, APSIL adopts the best execution and fair allocation policies described in Item 9. Any exception is documented and monitored on a regular basis by the Compliance Department.

No employees have any roles in the companies in which the Investment Adviser invests.

Item 9. Brokerage Practices

Best Execution, Broker Selection and Ongoing Monitoring

In executing trades for the Fund, APSIL is aware of its responsibility to seek the best execution for its client's transactions. APSIL outsources trading activities to APS under a service level agreement. APS deals only with reputable brokers who are regulated by their local regulators.

APS Best Execution Policy takes into consideration a number of factors when executing transactions on behalf of clients, such as price, market, liquidity and size of order. Execution of trades are centralised and carried out by the dealing team. The APS and APSIL portfolio managers also do not have the ability to choose the executing broker.

No broker is an affiliate of APSIL or APS. In selecting a broker, APS has a structured broker voting process. Twice yearly each portfolio manager and analyst votes on the value of research services to be received from their brokers for the next six months. The broker voting, which is carried out every January and July, gives the dealing team guidance as to where research commissions should be paid.

APS has a robust broker selection and voting processes, which prevents potential conflicts to transpire owing to the robust controls in place. Potential conflicts include directing trades to certain brokers that could be prejudicing best execution obligations. Execution brokers are selected according to their ability to provide best execution. Price, trade flow, market impact, systems and access to execution venues, local market knowledge, risk prices, nature of the transaction, type of financial instrument, counterparty risk and cost and efficiency of process can all contribute to this selection process.

APS maintains an approved broker list. A counterparty risk due diligence is conducted before a new broker is added to the approved broker list. This process can include a review of the broker's financials and any regulatory breaches, terms of business, and credit rating, if available. All permanent additions to the approved broker database are approved by APS' Chief Operating Officer after the risk analysis is performed.

System controls prevent dealers from executing trades through a venue other than an approved broker.

On-going counterparty risk monitoring of approved brokers will include: analysis of available information indicating financial health, any regulatory breaches and awareness of market information to determine whether a broker should be temporarily suspended and/or permanently removed from the approved broker list.

Brokerage for Client Referrals

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or related party. However, as discussed above, subject to best execution, the Investment Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

Soft Dollar Policy

APSIL has a soft dollar policy that is in accordance with clients' requirements and the MAS Code of Collective Investment Scheme. It also ensures that the services provided are within Section 28(e) of the Securities Exchange Act of 1934, as amended (the "safe harbor"). When engaging in soft dollar practices, APSIL shall at all times be responsible to place clients' interests before its own.

APSIL adopts the following policy when it receives or engages in soft dollar practices:

- (i) The goods and services obtained can reasonably and generally be expected to assist in the provision of the investment services to APSIL's clients;
- (ii) Execute transactions on the best available terms, taking into account the market at the time, for transactions of the concerned kind and size;
- (iii) Not to enter into unnecessary trades to achieve sufficient volume to qualify for soft dollars;
- (iv) Disclose to clients its practices for receiving such goods and services, including a description of the goods and services received by way of investment management agreement, trust deed, prospectus or other client agreement;
- (v) Maintain records of soft dollar arrangements and activities.

A report disclosing the source, usage of soft dollars and other details is made available to client upon request.

Trade Allocation

It is the policy of the Investment Adviser to allocate investment opportunities among the Clients fairly and equitably, to the extent possible, over a period of time. However, in a number of cases including, but not limited to, cash limits or client restrictions, trade orders will not be allocated identically. In the event of a deviation, the dealing room shall document the reason of deviation. The compliance department shall review samples of allocation of orders for compliance with APSIL's policies on a monthly basis.

Item 10: Review of Accounts

The portfolio managers monitor the Fund on a regular basis to ensure they comply with their investment guidelines and restrictions. The portfolio managers will also review the accounts in the

event of unexpected circumstances such as sudden changes in regulations, market conditions or political developments.

Fund investors also receive monthly and quarterly reports that contain a detailed portfolio review including a write-up of market overview, major portfolio contributions and withdrawals and transactions (buy and sell) and a detailed portfolio holdings report together with a portfolio performance review.

The Fund's investors receive annual audited financial statements and half-yearly unaudited financial statements.

Portfolio reports for the Managed Account, if any, are subject to negotiation and established pursuant to the account's investment management agreement.

Item 11: Client Referrals and Other Compensation

APSIL works with a number of external distributors to market the Fund. It compensates them through a fee sharing arrangement which is negotiable. APSIL pays the distributors their share of base fee on quarterly basis and their share of performance fee, if any on annual basis. There are no material conflicts of interest in the arrangement with the external distributors. No distributors APSIL engaged are affiliates of APSIL.

Item 12: Custody

APSIL does not have custody of the Fund's assets. All funds and securities are held by the custodians appointed by the Fund.

Item 13: Investment Discretion

APSIL has discretionary authority to manage securities accounts on behalf of its clients. Some clients may mandate certain investment restrictions. The types of restrictions vary from clients to clients and are set out in the Offering Memorandum of the Fund.

APSIL will manage the portfolio to achieve the investment objectives and within the investment guidelines and restrictions agreed with the clients. APSIL has full discretion subject to applicable law and regulations, under the respective Investment Management Agreements to exercise its power, authority and rights in managing the portfolios including discretion to buy, sell, retain or deal in other assets or securities, deposits and other instrument allowed under the IMAs. APSIL also has the authority on behalf of the Fund to negotiate and appoint counterparty and account opening documentation.

Item 14: Voting Client Securities

APSIL has full discretion in managing the Fund including authority to vote on the Clients' securities. It follows the proxy voting policies currently used by APS for investments held by the Fund.

The table below summaries the common types of corporate action and the internal procedures followed by APS:

Type of Corporate Action	Internal Procedures
Cash Dividend	Not required to refer to portfolio manager
Bonus Issue/Stock Split	Not required to refer to portfolio manager
Stock Dividend/Dividend Reinvestment Plan	Refer to portfolio manager for decision
Right Issue	Refer to portfolio manager for decision whether to subscribe/sell the rights or purchase additional rights
Warrant Issue	Refer to portfolio manager whether to hold or convert the warrant
AGM/EGM (e.g. appointment of directors, auditors, share option etc)	Refer to portfolio manager for decision
Proxy Voting	Refer to portfolio manager for decision
Class Action	Refer to portfolio manager/client for decision

For more information on APS' proxy voting policies, please see APS' ADV Part 2.

Item 15: Financial Information

APSIL does not require prepayment of fees and thus is not required to include a balance sheet for its more recent fiscal year. It is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Fund and has not been the subject of a bankruptcy petition at any time since it was incorporated in 2007.