

- This statement provides you with key information about the CSI RMB Income Fund (the "Fund"), a sub-fund of the CSI Alpha Fund Series.
- This statement is a part of the Fund's offering document and must be read in conjunction with the Trust Prospectus of the CSI Alpha Fund Series and Fund Specific Prospectus of the Fund.
- You should not invest in this product based on this statement alone.

Quick facts

Fund Manager:	CLSA Alternative Investment Management Limited		
Trustee:	BOCI-Prudential Trustee Limited		
RQFII Licence Holder:	CITIC Securities International Company Limited		
Global Custodian:	Bank of China (Hong Kong) Limited		
PRC Sub-Custodian:	Bank of China Limited		
Ongoing charges over a year¹:	Distribution Unit Class: 1.69%		
Dealing frequency:	Daily	Minimum investment:	RMB10,000 (initial and additional)
Base currency:	RMB	Minimum holding and minimum redemption:	RMB10,000
Fund Financial year end:	31 December	Dividend policy:	For Distribution Unit Class: To be declared and payable per annum in December at the discretion of the Fund Manager. No distribution will be paid out of the Fund's capital. For Accumulation Unit Class: No dividends will be distributed

What is this product?

The Fund is a sub-fund of CSI Alpha Fund Series (the "**Trust**"), an umbrella trust established by a trust deed under the laws of Hong Kong SAR. Your subscription to the Fund and redemption can only be made in RMB and the Fund will in turn make its investments in RMB. Investors will be issued with units in the Fund (the "**Units**").

The Fund invests primarily in RMB denominated and settled debt instruments in the People's Republic of China ("**PRC**") through the RMB qualified foreign institutional investor ("**RQFII**") investment quota (the "**RQFII Quota**") granted to CITIC Securities International Company Limited, acting through the Fund Manager as its asset management arm. The RQFII Quota can be utilized by the Fund under the management of the Fund Manager under RQFII regulations.

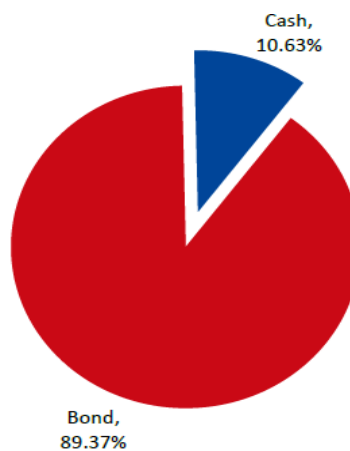
¹ The ongoing charges figure is based on expenses for the unaudited period from 1 January 2017 to 30 June 2017. This figure may vary from year to year.

Objectives and Investment Strategy

Investment Objectives

The investment objective of the Fund is to achieve long-term appreciation of the Unit price through capital growth and income appreciation by investing in a diversified portfolio of RMB denominated and settled debt instruments and RMB denominated and settled equities or equity related securities, subject to the investment restrictions applicable to the Fund and as set out in the Trust Prospectus and Fund Specific Prospectus.

Investment mix
As at June 30, 2017



Investment Strategy

The Fund will invest (A) at least 80% of its net asset value in (i) RMB denominated and settled debt instruments in the PRC ("**RMB Debt Instruments**"), and (ii) fixed income funds which are authorized by the China Securities Regulatory Commission ("**CSRC**") for offer to the retail public in the PRC, and (B) no more than 20% of its net asset value in (without any minimum investment allocation) RMB denominated and settled equities or equity related securities in the PRC (mainly China A-shares (being securities of companies incorporated in the PRC and listed on a PRC stock exchange, traded in RMB and available for investment by RQFIs)), and equity funds which are authorized by the CSRC for offer to the retail public in the PRC, with any remainder held in RMB denominated cash or cash equivalents in the PRC.

The Fund will invest substantially (up to 100%) in RMB Debt Instruments including interest rate products (such as central government bonds, policy bank bonds and central bank notes) and credit products (such as financial bonds, short term commercial papers, mid-term notes, and also corporate bonds and enterprise bonds which are regulated by NDRC (National Development and Reform Commission), CSRC (China Securities Regulatory Commission) and PBOC (People's Bank of China) available through the PRC interbank bond market and listed bond market in Shanghai and Shenzhen stock exchanges. The Fund may invest up to 100% of its net asset value in each of urban investment bonds, asset-backed securities (including asset-backed commercial papers) and any other types of RMB Debt Instruments. While the Fund may invest up to 100% of its assets in interest rate products (issued by the central government, policy bank or central bank) which are generally unrated, the Fund will only invest in credit products with a minimum rating of 'AA' being rated by a PRC rating agency at the time of acquisition. In the event that a credit product is downgraded to below 'AA' rating after its acquisition by the Fund, the Manager will try to dispose such credit product, subject to market liquidity, and provided that it is in the best interest of the Unitholders. The Fund will not invest in credit products that are unrated or rated 'BB+' or below.

The Fund does not intend to enter into any securities lending transactions, repurchase/reverse repurchase transactions or other similar over-the-counter transactions. Should the Fund Manager wishes to enter into any such transactions on behalf of the Fund, this will be subject to the prior approval of the SFC and at least one month's prior notice will be given to unitholders.

The Fund does not intend to invest in any financial derivative instruments for purposes of investment, hedging or otherwise.

The maximum borrowings of the Fund may not exceed 25% of its total net asset value.

The Fund's investment in both fixed income funds and equity funds which are authorized by the CSRC for offer to the retail public in the PRC will not in aggregate exceed 10% of the net asset value of the Fund.

What are the key risks?

Investment involves risks. Please refer to the Trust Prospectus and Fund Specific Prospectus for detailed discussion of the risk of this investment.

Investment risk

- The Fund is not a bank deposit and is not guaranteed. There is no assurance of the repayment of principal invested.
- The value of the Fund will be affected by fluctuations of the stock markets and changes in the value of individual securities.

Risks associated with RQFII regime

- The Fund is not a RQFII, but the Fund will invest in RQFII permitted securities via the RQFII Quota granted to CITIC Securities International Company Limited by the PRC State Administration of Foreign Exchange ("**SAFE**"). The prevailing rules and regulations governing RQFIIs impose restrictions on investments and other operational aspects of investments which will restrict or affect the Fund's investments.
- The RQFII regulations are relatively new and novel in nature. The application and interpretation of the RQFII

regulations are therefore relatively untested and there is uncertainty as to how they will be applied. The RQFII regulations may be subject to further revisions in the future, there is no assurance whether such revisions will prejudice the RQFII, or whether the RQFII quota which are subject to review from time to time by CSRC and SAFE may be removed substantially or entirely. or whether repatriation restrictions will be imposed on RQFII in the future.

- The RQFII regulations apply to each RQFII as a whole, and not simply to investments made by the Fund. Violations of the RQFII regulations arising out of activities related to any RQFII quota that may be obtained by CITIC Securities International Company Limited and is not allocated to the Fund could result in the revocation of or other regulatory action in respect of the RQFII Quota.
- The RQFII Quota granted to CITIC Securities International Company Limited by SAFE is shared among the Fund and other open-ended funds managed by the Fund Manager. It is possible that the Fund may not be able to accept additional subscriptions when there is not enough RQFII Quota allocated/available to the Fund and would not be able to achieve further economies of scale or otherwise take advantage of the increased capital base.

PRC market risk / Single country investment risk

- The Fund invests in securities with substantial exposure to the PRC. Investors should be aware that the Fund is likely to be more volatile than a broad-based fund, or a fund that is not denominated in RMB.
- China is considered as an emerging market and investing in the PRC may be subject the Fund to higher economic, political, social and regulatory risks. Investment in the PRC may also be less liquid and more volatile.

Risk of RMB Debt Instruments

Liquidity risk

- RMB Debt Instruments are not regularly traded and an active secondary market for these instruments is yet to be developed. The RMB Debt Instruments markets in the PRC are still at a developing stage and may have lower trading volumes than other more developed markets. The bid and offer spread of the price of RMB Debt Instruments (in both the interbank market and the exchange market) may be large and the Fund may incur significant trading and realisation costs. The Fund may suffer loss in trading such RMB Debt Instruments.

Interest rate risk

- Impact of changes in macro-economic policies of the PRC (i.e. monetary policy, fiscal policy) will have an influence over capital markets affecting the pricing of the fixed income securities and thus, the return of the Fund. The value of RMB Debt Instruments held by the Fund generally will vary inversely with changes in interest rates and such variation may affect Unit prices accordingly.

Valuation risk

- RMB Debt Instruments are subject to the risk of mispricing or improper valuation, i.e. operational risk that the fixed income securities are not priced properly. Valuations are primarily based on the valuations from independent third party sources where the prices are available, accordingly valuations may sometimes involve uncertainty and judgemental determination and independent pricing information may not be available at all times. In the event of adverse market conditions where it is not possible to obtain any reference quotation from the market, the latest available quotations of the RMB Debt Instruments or the quotation of other RMB Debt Instruments with very similar attributes may be used to estimate the fair market value. Such valuation methodology may not be equal to the actual liquidation price due to liquidity and size constraints. If valuation is proven to be incorrect, this will affect the net asset value calculation of the Fund.

Credit rating downgrading risk

- An issuer of RMB Debt Instruments may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned by an internationally or PRC recognized statistical ratings organization to such issuer and RMB Debt Instruments issued by such issuer. The adverse change in financial condition or decrease in credit rating of issuer may result in increased volatility in, and adverse impact on, the price of the relevant RMB Debt Instruments and negatively affect liquidity, making any such fixed-income security more difficult to sell.

Insolvency/Credit risk of counterparties

- RMB Debt Instruments are generally unsecured debt obligations not supported by any collateral. The Fund may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.
- The Fund Manager may also invest in debt securities which rank junior to other outstanding securities and obligations of the issuer (all or a significant portion of which may be secured on substantially all of that issuer's assets), or which are not protected by financial covenants or limitations on additional indebtedness.
- If the issuer of any of the debt instruments in which the Fund is invested defaults, the performance of the Fund will be negatively affected.

Credit rating risk

- Many of the debt instruments in the PRC did not have rating assigned by international credit agencies. The credit appraisal system in the PRC is at an early stage of development, there is no standard credit rating methodology used in investment appraisal and the same rating scale may have a different meaning in different agencies. The assigned ratings may not reflect the actual financial strength of the appraised asset.

Unrated debt securities

Up to 100% of the Fund's assets may be invested in unrated debt securities (issued by the central government, policy bank or central bank). In the absence of credit rating, the credit quality of unrated debt securities is opaque. Unrated debt securities are generally subject to greater risk of loss of principal and interest than high-rated debt securities.

Risk of investing in urban investment bonds

- The Fund may invest all of its assets in urban investment bonds. Although urban investment bonds are debt securities issued by local government agencies' financing vehicles in PRC and appear to be connected with local government bodies, the debt is backed by tax revenues or cash flow of investment projects and such debts are typically not guaranteed by local governments or the central government of the PRC. Such local governmental bodies or the central government are not obligated to provide financial support in case of default. In such case, the Fund could suffer significant loss.

Risk of investing in asset-backed securities/ mortgage backed securities

- The Fund may invest all of its assets in asset-backed securities, which include asset backed commercial papers. These are backed by the cash flow stream of a single or a portfolio of underlying assets. The stability of the cash flow is highly dependent on the quality of the underlying assets. There may be a lack of transparency of the underlying assets' quality despite such asset-back securities may be given high credit ratings. Such lack of transparency may pose valuation risk with respect to the calculation the Fund's net asset value and investors may be adversely affected. Asset-backed securities are also highly sensitive to market sentiments and have higher volatility than central bank bond and policy bank bonds. Asset-backed

securities may be less liquid than other securities and are more difficult to be disposed of.

Counterparty risk

- The Fund will be exposed to counterparty risk on parties with whom it trades and when placing cash on deposit.
- The Fund will also be exposed to the risk of settlement default by a counterparty with whom it trades when buying and selling financial instruments.

RMB currency and conversion risk

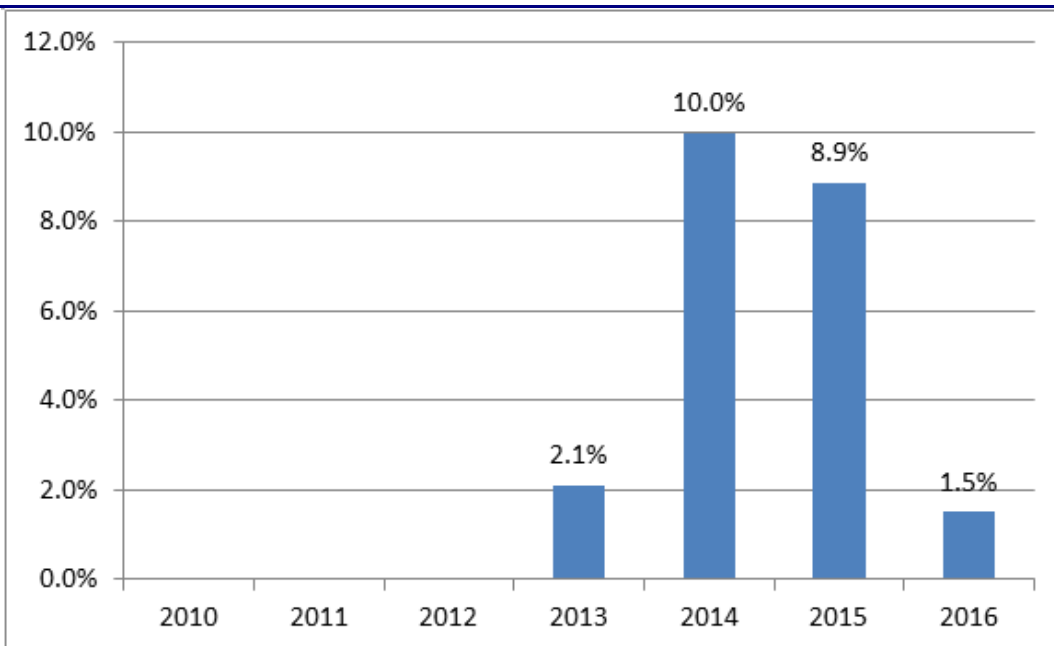
- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- There is no guarantee that RMB will not depreciate. If a Unitholder converts Hong Kong dollars or any other currency into RMB so as to invest in the Fund and subsequently convert the RMB redemption proceeds back into Hong Kong dollars or any other currency, the Unitholder may suffer a loss if RMB has depreciated against Hong Kong dollar or other currency during that period.

PRC taxation risk

- The value of the Fund's investments (and hence the net asset value of the Fund) will be adversely affected by taxation levied against the Fund's investments through the RQFII Quota held by CITIC Securities International Company Limited, which is payable by the Fund. The PRC taxation regime that will apply to RQFIIs and investments made through RQFII quotas is currently unclear. After careful consideration of the Fund Manager's assessment and having taken and considered independent professional tax advice relating to the Fund's eligibility to benefit from the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and acting in accordance with such advice, the Fund Manager decided that no withholding income tax provision will be made on the gross realized and unrealized capital gains derived from investments in RMB Debt Instruments and those realized capital gains derived before 17 November 2014 from investments in China A-shares (except for China A-shares issued by PRC tax resident companies which are "land rich companies" (i.e. at least 50% of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC)).
- In light of a recent circular jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC under Caishui (2014) No.79 in relation to the temporary exemption of corporate income tax on capital gains derived by QFII and RQFII, with effect from 17 November 2014, the Manager will not make any withholding income tax ("WIT") provision on the gross unrealised and realised capital gains derived by the Fund from investments in China A-Shares.

It is possible that the applicable tax laws may be changed (which may have retrospective effect), that the PRC tax authorities may hold a different view or that the PRC tax authorities require the Fund to provide a Hong Kong Tax Resident Certificate ("HKTRC")(the Fund has not currently obtained a HKTRC) and the Fund Manager may not be able to obtain a HKTRC on behalf of the Fund. In such case, the Fund will bear the actual tax liabilities for which no tax provision has been made or for which the level of provision is inadequate. This will have an adverse impact to the Fund's net asset value. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Fund.

How has the Fund performed?



- Performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Distribution Unit Class increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Distribution Unit Class is selected as representative share class since it is the major unit class subscribed by retail investors in Hong Kong.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: February 2012

Is there any guarantee?

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

What are the fees and charges?

Charges which may be payable by you

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

Fee	What you pay
Subscription fee (Subscription Charge)	Up to 5% of the Issue Price of each Unit
Redemption fee (Redemption Charge)	Nil
Switching fee (Conversion)	Nil

Fee)	
Fiscal and Purchase Charges	Up to 2% of the Issue Price of each Unit (in case of subscription) or up to 2% of the Redemption Price of each Unit (in case of redemption) chargeable only to compensate the Fund for any dilution in the Fund's net asset value as a result of a large volume of applications/redemptions by Unitholders, or a large application/redemption request from any Unitholder, on any Dealing Day and in the Fund Manager's opinion the continuing Unitholders might otherwise be materially adversely affected.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the Fund's net asset value)
Management fee	1% p.a.*
Trustee fee	Up to 0.15% p.a.*, subject to a monthly minimum fee of RMB40,000
Performance fee	Nil
Global Custodian fee	Up to 0.10 % p.a. plus transaction fees at customary rates dependent on the market the Fund invests and out of pocket expenses incurred by the Global Custodian and the PRC Sub-Custodian
PRC Sub-Custodian fee	Covered under Global Custodian fee

*The current annual rate of the Management fee and the Trustee fee may be increased up to a specified permitted maximum level as set out in the Trust Prospectus and Fund Specific Prospectus by giving 1 month's prior notice to the investors.

Other fees

You may have to pay other fees when dealing in the units of the Fund.

The Fund may have to pay other fees to third parties. These include:

- **Trustee Set-Up Fee** – a once-off establishment fee of up to RMB10,000.
- **Trustee Out-of-Pocket Expense Fee** – reimbursement for out of pocket expenses of the Trustee such as postage and stationary.

Additional Information

You generally buy and redeem units at the Fund's next-determined net asset value (NAV) after the authorized distributor receives your request in good order on or before 5 p.m. being the dealing cut-off time. Different authorized distributors may impose different dealing deadlines for receiving requests from investors.

The net asset value of this Fund is calculated and the price of units published each dealing day being each business day and such day(s) as the Fund Manager may from time to time determine. They are available online at <http://www.citics.com.hk/CSIInvestmentManagementFund.aspx> (Please click "(click for latest unit price)" under the category of CSI RMB Income Fund). Further details of the valuation method are described in the Trust Prospectus under "Calculation of Net Asset Value". The above website has not been reviewed by the SFC.

Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from <http://www.citics.com.hk/CSIInvestmentManagementFund.aspx>.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.