

**Risk Disclosure:**

- The Fund is subject to regulations which regulate investments by RQFII in the PRC. The RQFII Regulations are relatively new and novel in nature. Any uncertainty and change to the relevant laws and regulations (such as PRC tax laws and repatriation policy) in the PRC may adversely impact the Fund.
- The Fund will mainly invest in Renminbi Debt Instruments. Since mainland China's financial market is nascent, most of the RMB Debt Instruments are and will be unrated. Renminbi Debt Instruments are generally unsecured debt obligations not supported by any collateral, and thus, involves credit/insolvency risk of the issuers. Also, there may not be a liquid or active market for such Renminbi Debt Instruments.
- 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.
- The Fund is denominated and settled in RMB. RMB is not freely convertible and is subject to exchange control 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.
- The Fund invests in securities with substantial exposure to the PRC, and thus is likely to be more volatile than a broad-based fund.
- Investment in this Fund involves risks. You may lose part or all of your investment. This Fund may not be suitable for all investors. For further details on the Fund, including risk factors, investors should carefully read the Fund's offering document.
- Past performance information in this Factsheet is not indicative of future performance.
- Investors should not solely rely on this document to make any investment decision.

**Investment Objective and Strategy**

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.

The portfolio of the Fund will mainly consist of RMB debt instruments with different maturities and credit quality, and fixed income funds which are authorized by the CSRC for retail offering. Depending on market situations and subject to the asset allocation policies, the Fund may also invest in RMB denominated and settled equities or equity related securities in the PRC (mainly China A-shares) and equity funds which are authorized by the CSRC for retail offering. Each instrument in the portfolio of the Fund will be selected based on extensive fundamental research.

**Manager Comment**

**Review:** Funding costs continued upwards over May. Interest rate bond market further corrected while short-end yields increased more than long-end yields. As for credit bond market, urban investment bonds made significant corrections. Credit spread mostly widened due to the redemption of outsourcing investment. Risk aversion sentiment dominated interest rate bond market. Regulation concerns were the major factor driving yields upward in May. Credit spread and term spread both widened in credit bond market. Total credit bond issuance over May was RMB 208.602 billion while maturity amounted to RMB 450.308 billion, resulting in negative net financing.

**On China's economic data for April:** On external trade, China's exports gained by 8% YoY while imports were up by 11.9% YoY, both below market expectation. On inflation, PPI increased by 6.4% YoY and CPI increased by 1.2% YoY. New loan in China increased by CNY 1,100bn and M2 increased by 10.5% YoY. Retail sales increased by 10.7% YoY and industrial production increased by 6.5% YoY. Manufacturing PMI for May remained unchanged at 51.2 while non-manufacturing PMI improved slightly to 54.5.

**Outlook:** Regulatory uncertainties are still the key market concern. Moody's downgraded China's sovereign rating to A1 from Aa3 in May, but market movement was minimal. Regulation changes would still be the major concern for the remaining of Q2. PBOC's attitude towards liquidity is expected to remain unchanged. Liquidity and bond yields have already experienced major corrections so further external impacts would be limited. However, from asset allocation perspective, current market yields are still under pressure and may further creep up in the future. For credit bond market, historical data witnessed a higher beta for credit bonds compared to interest rate bonds, so credit bonds are expected to experience a sharper correction under the regulation upgrading background. As Q1 economic data peaked, economic downward pressure would prominently protrude throughout the rest of the year.

Manager increased holding in 3-year, AA+-rated medium-term notes in May, considering the potential opportunity to raise portfolio duration after the sharp correction. Manager would watch closely to the market movement. Once a major marginal change is within expectation, Manger would rapidly increase portfolio duration by acquiring long-duration high-rated credit bonds and take profit against declining yields.

Fund Information	
Total Fund Size	RMB 120 Million
Launch Date	20 February 2012
Fund Currency	RMB
NAV per unit	RMB10.62
Dividend Policy	For Distribution Unit Class: To be declared and payable per annum at the discretion of the Fund Manager For Accumulation Unit Class: No dividends will be distributed
Dealing Frequency	Daily
Charges#	Subscription Charge: Up to 5% Management Fee: 1% Redemption Charge: Nil
Minimum Subscription Size	RMB10,000
Financial Year-End	31 December
Manager	CITIC Securities International Investment Management (HK) Limited
ISIN Code:	HK0000102902
Bloomberg Code:	CSIRMBI HK

**Dividend Record: (Applicable to Distribution Unit Class Only)**

Record Date	Distribution (RMB)	% of NAV
31-Dec-12	0.20	2.00%
31-Dec-13	0.38	3.73%
31-Dec-14	0.55	5.09%
31-Dec-15	0.55	4.92%
30-Dec-16	0.15	1.39%

#Please refer to the Prospectus for details of other fees.

##The Fund aims to pay dividend on an annual basis. However, the dividend rate is not guaranteed.

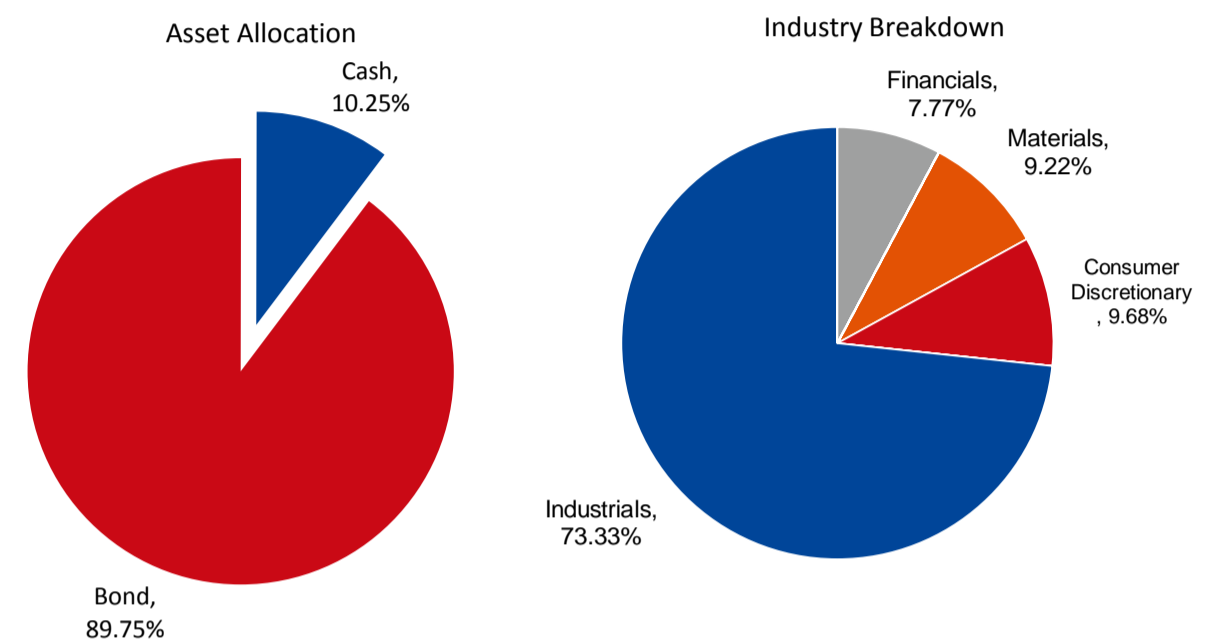
^Performance is shown in respect of Distribution Unit Class as at 31 May 2017 in RMB on a NAV-to-NAV basis with dividend reinvested (if any), and is net of all fees. The investment returns are denominated in fund currency.

The investment returns are denominated in RMB. US/HK dollar-based investors are therefore exposed to fluctuations in the RMB exchange rate.

Sources: CITIC Securities International Investment Management (HK) Limited.

The Fund is authorized by the Securities and Futures Commission of Hong Kong ("SFC"). SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This report has not been reviewed by the SFC. This report is prepared and issued by CITIC Securities International Investment Management (HK) Limited. This report is neither an offer nor solicitation to purchase units of the Fund; applications for units may only be made by completing the application form available with the Prospectus. Distribution of this report may be restricted in certain jurisdictions. This report does not constitute the distribution of any information or the making of any offer or solicitation by anyone to any person in any jurisdiction in which such distribution or offer is not authorized.

**Portfolio Composition**



Note: Portfolio for bonds is rebased to 100.

Top Five Holdings*	Industry	Weighting
Changsha County Tongtu Highway Construction Investment Co L	Industrials	8.77%
Guangzhou Pearl River Enterprises Group Ltd	Industrials	8.76%
Hebei TV Broadcast Information Network Group Co Ltd	Discretionary	8.68%
FANGCHENGANG INFRAS INV 5.580 22 Sep 19	Industrials	8.59%
JILIN EXPRESSWAY GRP MTN 5.160 05 Nov 21	Industrials	8.48%

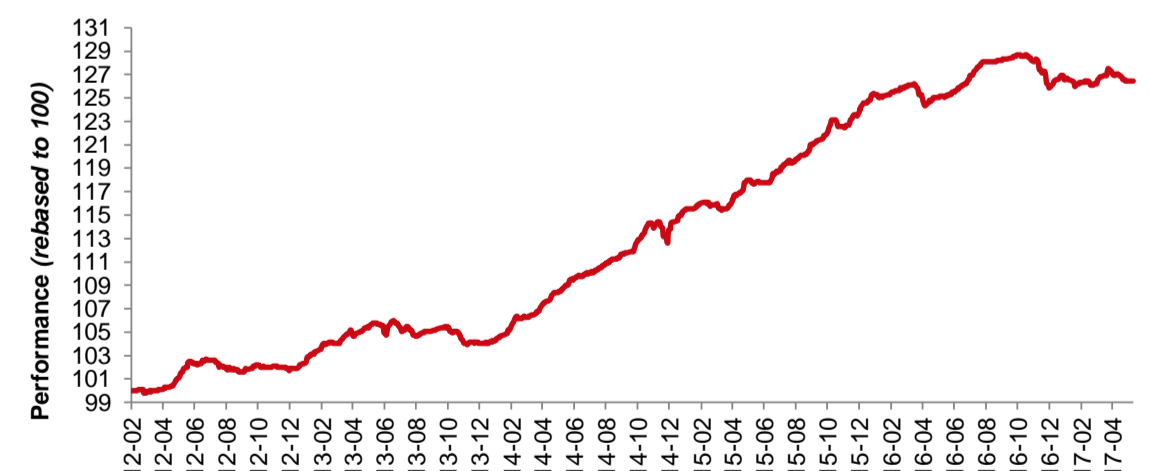
Portfolio Credit Rating**	Weighting
Corporate Bond AAA	0.00%
Corporate Bond AA+	48.56%
Corporate Bond AA	41.19%
Gov. & Central Bank***	0.00%
Cash	10.25%

\* Classification of Fund holdings by "Industry" is derived from internal research committee with reference to Bloomberg data.

\*\*Ratings from Wind Information (Hong Kong) Co. Ltd. Information originated from PRC qualified rating agencies which are currently not regulated in PRC. There is no standard credit rating methodology in PRC and the above ratings are not assigned by international credit agencies.

\*\*\*These are Interest Rate Products (issued by the central government, policy bank or central bank) which are generally unrated

**Cumulative Fund Performance^**



**Cumulative Performance^**

Fund	1-Month	3-Month	6-Month	1-Year	2-Year	Since Inception
Return	-0.47%	0.09%	-1.10%	1.03%	7.38%	26.45%

**Calendar Year Performance^**

Fund	Year-to-date	2016	2015	2014	2013	2012 <sup>1</sup>
Return	0.00%	1.51%	8.87%	9.98%	2.10%	1.90%

<sup>1</sup> Calculated since fund inception on February 20, 2012