

**CSI Alpha Fund Series (the "Trust")  
- CSI China-Hong Kong Leaders Fund  
- CSI RMB Income Fund**

**CITIC Securities International Investment Management (HK) Limited  
(as Manager of the Trust)  
26th Floor, CITIC Tower,  
1 Tim Mei Avenue, Central,  
Hong Kong**

**NOTICE TO UNITHOLDERS**

**IMPORTANT: This notice requires your immediate attention. If you have any questions about the content of this notice, you should seek independent professional advice.**

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Dear Valued Unitholders,

We are writing to inform you of the following changes in relation to the Trust. Unless otherwise defined, capitalized terms used herein shall have the same meaning as defined in the offering documents of the Trust (the "**Offering Document**").

**1. Addition of unit class**

Please be informed that a new unit class, Accumulation Unit Class, is added to CSI RMB Income Fund ("**RMBIF**") on 28 April 2014 (the "Effective Date"). To differentiate your current holdings from the new unit class, with effect from and including the Effective Date, the names of the unit classes available will be clarified as follows:

	<b>Name of unit class</b>
Existing unit class, i.e. your current holdings	Distribution Unit Class
New unit class	Accumulation Unit Class

Unlike Distribution Unit Class, no distribution of dividend will be made in respect of Accumulation Unit Class, and hence, any net income and net realized profits attributable to such unit class will be reflected in the Net Asset Value of the Units. Apart from the distribution policy, the features of Distribution Unit Class and Accumulation Unit Class are the same. If you consider, after seeking appropriate independent professional advice, the feature of Accumulation Unit Class better suits your investment objective, you may convert your current holdings in Distribution Unit Class to Accumulation Unit Class. No conversion fee is charged on any conversion of units.

The name of the sub-fund will remain unchanged. However, it is important that you clearly indicate the name of the relevant unit class when placing subscription, conversion and/or redemption requests.

The addition of the new unit class will not have any impact on the management of the sub-fund or on the level of fees and charges, nor will your holdings be affected in any way.

## **2. Reallocation of RMB Qualified Foreign Institutional Investor Investment Quota (“RQFII Quota”)**

At present, the RMBIF invests in RMB denominated and settled securities in the PRC through the RQFII Quota granted to CITIC Securities International Company Limited for use by the RMBIF. A total of RMB 900 million was currently available to the RMBIF. As of 31 March 2014, only around 40% of the RQFII Quota had been utilized. To make better use of the available RQFII Quota, the Manager made an application to reallocate part of the RQFII Quota for use by another new sub-fund under the Trust, CSI RMB Short Maturity Bond Fund (the “New Sub-fund”).

On 16 April 2014, the PRC State Administration of Foreign Exchange approved that RMB 500 million of the RQFII Quota available to the RMBIF was reallocated for use by the New Sub-fund. Accordingly, effective from 16 April 2014, the RQFII Quota available for use by the RMBIF was reduced from RMB 900 million to RMB 400 million.

The reallocation of RQFII Quota will not impact the investment objective, investment policy, operations and fee structure of the RMBIF, and does not materially prejudice the rights or interests of Unitholders. The Trustee has been notified of the reallocation of RQFII Quota and the Trustee does not have any objection to it. Given that the RMBIF’s investment in the PRC will be limited by the amount of RQFII Quota available to the RMBIF, it is possible that the Manager may not accept subscription requests that exceed the amount of quota available to the RMBIF. The Manager will monitor the usage of RQFII Quota from time to time and apply for additional RQFII Quota where necessary.

## **3. Reduction of Trustee Fee**

With respect to the RMBIF, effective from 1 June 2014, the level of Trustee Fee will be reduced from 0.175% to up to 0.15% per annum of the Net Asset Value of RMBIF.

## **4. Product Selection**

The Manager would like to clarify that when the RMBIF invests in Credit Products, it will only invest in those with a minimum rating of 'AA' being rated by any of the PRC Rating Agencies at the time of acquisition. In the event that a Credit Product is downgraded to below 'AA' rating after its acquisition by the RMBIF, 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 RMBIF will not invest in Credit Products that are unrated or rated ‘BB+’ or below.

## **5. Conversion and Transfer of Units**

Unitholders may apply to convert (i) Units of a sub-fund of the Trust for Units of another sub-fund under the Trust (e.g. between the RMBIF and the New Sub-fund) that has the same base currency, or (ii) one Unit class for another Unit Class of the same sub-fund (where applicable), subject to provisions as set out in the Offering Documents. There is no conversion fee payable on a conversion exchange of Units.

Subject to provisions as set out in the Offering Documents, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on

behalf of or sealed by) the transferor and the transferee and duly stamped with adequate stamp duty before the form is passed to the Registrar. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

The Offering Documents have been updated to reflect the above changes, and are available free of charge upon request at any time during normal business hours at the office of the Manager and on the Manager's website <http://www.citics.com.hk/CSIIInvestmentManagementFund.aspx> .

The Manager accepts full responsibility for the accuracy of the information contained in this notice as at the date of its publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

If you have any questions or concerns about the foregoing, please contact the Manager at Tel: (852) 2826 2913 or Fax: (852) 2526 1989.

We appreciate your ongoing support of the Trust as we continue to help investors like you achieve better outcomes.

**CITIC Securities International Investment Management (HK) Limited**

**29 April 2014**