

CSI Alpha Fund Series (the "Trust")
- CSI China-Hong Kong Leaders Fund
- CSI RMB Income Fund
- CSI RMB Short Maturity Bond Fund (each, a "Fund", collectively, the "Funds")

CITIC Securities International Investment Management (HK) Limited
(as Manager of the Trust)
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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.

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 document of the Trust (the "**Offering Document**").

1. Electronic accounts and reports

To protect the environment and reduce the Trust's expenses on printing hard copies of annual and interim reports for distribution, the Manager will publish the annual and interim reports of the Trust in electronic format for Unitholders to download starting from the next interim period ending on 30 June 2014.

As a result, the annual and interim reports of the Trust will then be published electronically on the Manager's website <http://www.citics.com.hk/CSIInvestmentManagementFund.aspx>¹. When annual and interim reports are finalized (expected to be in April and August, respectively, each year), Unitholders will be notified with details of where they can access these reports. In spite of such change in the distribution mode of annual and interim reports, hardcopies of these reports will continue to be available free of charge upon request at any time during normal business hours at the office of the Manager.

2. US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")

We would like to draw your attention to the enactment and implementation of the following new US tax rules which may have implications on your current investments in the Units of the Funds.

The US Hiring Incentives to Restore Employment Act was signed into law in March 2010. It includes provisions generally known as FATCA. The intention of FATCA is that, as a safeguard against tax evasion, the details of US investors holding assets outside the US will be reported to the US Internal Revenue Service ("**IRS**") by non-US financial institutions. To discourage non-US financial institutions from staying outside this regime, all US securities held by a financial

¹ The website has not been reviewed by the Securities and Futures Commission.

institution (for the Funds, principally equity and debt securities issued by US corporations and institutions including the US government) that does not comply with FATCA will be subject to a US tax withholding of 30% on gross sales proceeds as well as income. This withholding regime will become effective in phases between 1 July 2014 and 1 January 2017.

Each of the Funds has registered with the IRS as a participating Foreign Financial Institution (“**FFI**”) and is FATCA-compliant. As participating FFI under FATCA, the Funds agree to certain US tax reporting obligations with respect to the holdings of and payments to certain Unitholders in the Funds, and possible withholding requirements on payments made to certain Unitholders. Though the Manager and the Trustee will attempt to satisfy any obligations imposed on the Funds to avoid the imposition of the FATCA withholding tax, given the complexity of the FATCA requirements, no assurance can be given that the Manager and the Trustee will be able to satisfy all these obligations. If a Fund is unable to comply with FATCA, certain US sourced payments made to the Fund may be subject to a 30% FATCA withholding tax, resulting in a decrease in the net asset value of the relevant Fund and therefore incurring material loss to Unitholders.

In order to comply with FATCA, Unitholders and prospective investors may be required to provide mandatory documentary evidence of their tax residence to the Manager, the Trustee and/or the relevant authorized distributors. The US has developed two models to simplify the implementation of FATCA. Hong Kong and the US have already reached consensus on the substance of an intergovernmental agreement (“**IGA**”) to operate under Model II which establishes a framework of enabling relevant financial institutions in Hong Kong to seek consent for disclosure from US investors, and to report relevant tax information of such investors to the IRS. This model of IGA will be supplemented by the operation of a tax information exchange agreement. It is expected that the IGA between Hong Kong and the US will be signed by end of 2014. Thus, the application of the withholding rules and the information that may be required to be reported and disclosed are subject to change.

Unitholders, and authorized distributors acting for the Unitholders should note that it is the existing policy of the Trust that US Persons may not invest in the Funds, and that Unitholders who become US persons are subject to compulsory redemption of their holdings (for further details, see "Compulsory Redemption or Transfer of Units" in section 18.5 of the Offering Document). Please also note that the Manager and the Trustee have the right to withhold, set-off or deduct any reasonable amounts (including any tax obligation) from the redemption proceeds payable to the relevant Unitholders, provided that such withholding, set-off or deduction is permitted by applicable laws and regulations (including FATCA), and the Manager and the Trustee are acting on good faith and on reasonable grounds.

In addition, under FATCA, the definition of a US reportable account may include a wider range of investors than the current US Person definition in the Offering Document. The Manager and the Trustee may therefore resolve, subject to further clarity on the implementation and impact of FATCA, that it is the interests of the Trust to widen the class of investors prohibited from investing in the Funds and to make proposals regarding the Units holdings by the existing Unitholders or their further investment in the Units of the Funds in view of the wider FATCA definition.

Any discussion of US federal income tax considerations set forth in this notice is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be

used, by any person for the purpose of avoiding any US federal tax penalties that may be imposed on such person. You should consult your own tax advisors regarding the possible implications of FATCA on your investment in the Funds.

The Offering Documents will be updated to reflect the above changes in July 2014, and will be 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

30 May 2014