

SUPPLEMENT
Guinness Emerging Markets Equity Income Fund
Dated 23rd April, 2018

This Supplement contains information relating specifically to the Guinness Emerging Markets Equity Income Fund (the “Fund”), a Fund of Guinness Asset Management Funds plc (the “Company”), an open-ended umbrella fund with segregated liability between Funds authorised by the Central Bank on 19th December, 2007 as a UCITS pursuant to the UCITS Regulations.

As at the date of this Supplement the Company has 17 Funds, the Guinness Alternative Energy Fund, the Guinness Global Energy Fund, the Guinness Best of China Fund, the Guinness Best of Britain Fund, the Guinness Global Equity Income Fund, the Guinness Global Money Managers Fund, the Guinness Asian Equity Income Fund, the Guinness European Equity Income Fund, the Guinness Global Innovators Fund, the Guinness European Equity Fund, the Guinness Alternative Energy Income Fund, the Guinness Global Energy Income Fund, the Guinness Renminbi Yuan & Bond Fund, the Guinness Emerging Markets Equity Income Fund, the Guinness Global Equity Fund, the Guinness US Equity Fund and the Guinness Best of Asia Fund.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the Company dated 12th January, 2018 (the “Prospectus”).

The Directors of the Company whose names appear in the Prospectus under the heading “Management and Administration” accept responsibility for the information contained in this Supplement and the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement and in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Investors should read and consider the section of the Prospectus entitled “Risk Factors” before investing in the Fund.

Shareholders and prospective investors should note that all or part of the fees and expenses of the Fund may be charged to the capital of the Fund. If all or part of the fees and expenses of the Fund are charged to the capital of the Fund this would have the effect of lowering the capital value of an investment in the Fund. Capital may be eroded and “income” will be achieved by foregoing the potential for future capital growth. Thus, on redemptions of Shares, Shareholders may not receive back the full amount invested.

The Fund may invest substantially in deposits and/or in money market instruments. An investment in the Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Shares may fluctuate up and/or down.

Profile of a Typical Investor: Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section of the Prospectus and Supplement headed “Risk Factors”), can tolerate a high level of volatility and believe that the investment is suitable based upon investment objective and finance needs. Investment in the Fund should be viewed as medium to long term.

1. Interpretation

The expressions below shall have the following meanings:

“Business Day” means any day (except Saturday or Sunday) on which banks in Dublin are generally open for business or such other day or days as may be determined by the Directors and notified to Shareholders.

“Central Bank UCITS Regulations” means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as may be amended or replaced from time to time, and/or any other requirements and/or conditions of the Central Bank relating to UCITS whether set out in notices, regulations and/or otherwise issued from time to time by the Central Bank pursuant to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

“Dealing Day” means each Business Day or such other day or days as may be determined by the Directors and notified to Shareholders in advance provided that there shall be at least one Dealing Day every fortnight.

“Dealing Deadline” means 3.00 p.m. Irish time on each Dealing Day or such other time as the Directors may determine and notify in advance to Shareholders provided always that the Dealing Deadline is no later than the Valuation Point.

“Valuation Point” means 11.00 p.m. (Irish time) on each Dealing Day.

All other defined terms used in this Supplement shall have the same meaning as in the Prospectus.

2. Base Currency

The Base Currency shall be US\$.

3. Classes and Currency

The Company has established the following Classes denominated in the following currencies:

Class	Currency
Class C USD Accumulation	US Dollar
Class YGBP Accumulation	GBP£
Class Y GBP Distribution	GBP£
Class Y EUR Accumulation	Euro
Class Y EUR Distribution	Euro
Class Y USD Accumulation	US Dollar
Class Y USD Distribution	US Dollar
Class Z GBP Distribution	GBP£

4. Investment Objective

The investment objective of the Fund is to provide investors with both income and long-term capital appreciation.

5. Investment Policy

In seeking to achieve its investment objective the Fund intends to invest primarily in equity and equity related securities of companies, at least 80% of which will be dividend-paying securities, that derive at least 50% of their revenues from business activities in emerging market countries principally in Asia, Eastern Europe, Middle East, Africa and Latin America. The equity and equity related securities in which the Fund may invest are listed and traded on Recognised Exchanges worldwide.

These equity and equity related securities include common stocks, preferred stocks, securities convertible into common stocks, rights and warrants, which are listed or traded on a Recognised Exchange. No more than 5% of the Net Asset Value of the Fund will be invested in warrants.

Under normal market conditions the Fund intends to invest in between 25 and 75 stocks. The Investment Manager may invest the Fund's assets in securities of companies with a wide range of market capitalizations and in companies domiciled throughout the world.

The Fund may invest in China A shares listed on the Shanghai Stock Exchange via the Shanghai Hong Kong Stock Connect scheme, or the Shenzhen Stock Exchange via the Shenzhen Hong Kong Stock Connect scheme (as further described in the sub-section headed "Stock Connect Scheme" below).

When current market, economic, political or other conditions are unstable and would impair the pursuit of the Fund's investment objective, the Fund may temporarily invest up to 100% of its assets in cash, cash investments such as bank deposits or high quality investment grade short-term money market instruments including, but not limited to, commercial paper and treasury bills. When the Fund takes a temporary defensive position, the Fund may not achieve its investment objective. The philosophy of the Fund is to remain invested.

The financial derivative instruments which the Fund may utilise include futures and options on emerging market equities and related indices, and may also utilise forward foreign exchange contracts (details of which are set out in the section of the Prospectus headed "Financial Derivative Instruments and Techniques for Efficient Portfolio Management") for efficient portfolio management purposes, hedging purposes, to reduce portfolio risk or to obtain in a more efficient way exposure that would otherwise be obtained by direct investment in securities in accordance with the investment objective and policies above, and as further detailed below. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund, as measured using the commitment approach in accordance with the UCITS Regulations.

Futures and options may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities (i.e. equity or equity related securities) or markets to which the Fund may be exposed. These derivative instruments may also be used to reduce the Fund's direct exposure to equity or equity related securities or markets on a short or medium term basis where it is more efficient to use derivatives for this purpose, or to gain indirect exposure to equity or equity related securities where the Investment Manager feels that such use of financial derivative instruments is in the best interests of the Fund.

Forward foreign exchange contracts will only be used for hedging purposes or to alter the currency exposure of the underlying assets in accordance with the limits set out by the Central Bank. The Fund will not be leveraged as a result of engaging in forward foreign exchange contracts.

The Fund may enter into stocklending and repurchase/reverse repurchase agreements for efficient portfolio management purposes only, subject to the conditions and limits set out in the Central Bank UCITS Regulations. The maximum exposure of the Fund in respect of stocklending and repurchase/reverse repurchase agreements shall be 30% of the Net Asset Value of the Fund. However, the Investment Manager does not anticipate that the Fund's exposure to stocklending and repurchase/reverse repurchase agreements will exceed 0%- 20% of the Net Asset Value of the Fund. The types of assets that will be subject to stocklending and repurchase/reverse repurchase agreements will be equity and equity related securities.

Investment Strategy

Investments are selected using a combination of analysis of economic and market factors, screening the investible universe (i.e. emerging market equities) for key identifiers of quality, value, earnings trend and price momentum, and detailed analysis of the underlying business. The Investment Manager invests in companies that are either listed in developing markets or listed elsewhere but which have significant economic exposure to emerging market regions (having at least 50% of their assets based in these markets or deriving at least 50% of their revenues from these markets). These regions include Asia, Europe, Middle East, Africa and Latin America. The Fund can invest in all sectors and normally, in those companies with a market capitalisation of at least \$500 million at the time of purchase. The investment approach is company specific rather than driven by geographic or sector allocation. The Investment Manager expects to have high conviction in each holding which it expects to result in a relatively concentrated portfolio with longer individual stock holding periods and lower turnover.

6. Stock Connect Scheme

The Fund may invest in China A shares through the Shanghai Hong Kong Stock Connect scheme, or the Shenzhen Hong Kong Stock Connect scheme (the “Stock Connect Scheme”).

The Shanghai Hong Kong Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited (“HKEx”), the Shanghai Stock Exchange (“SSE” and China Securities Depository and Clearing Corporation Limited (“ChinaClear”). The Shenzhen Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEx, Shenzhen Stock Exchange (“SZSE”) and ChinaClear.

The aim of the Stock Connect is to achieve mutual stock market access between Mainland China and Hong Kong. The stock exchanges of the two jurisdictions continue to issue details of Stock Connect, e.g. operational rules, from time to time. The Stock Connect enables investors to trade eligible shares listed on the other’s market through local securities firms or brokers.

The Stock Connect comprises Northbound Trading Links and Southbound Trading Links. Under the Northbound Trading Links, investors, through their Hong Kong brokers and a securities trading service company to be established by the Stock Exchange of Hong Kong Limited (“SEHK”), are able to place orders to trade eligible China A shares listed on the relevant PRC Stock Exchange (“Stock Connect Securities”) by routing orders to such PRC stock exchange. All Hong Kong and overseas investors (including the Fund) are allowed to trade Stock Connect Securities through the Stock Connect (through the relevant Northbound Trading Link).

Further information about the Stock Connect Scheme is available online at the website: <http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en>

Specific risks are outlined below in the section headed “Risks associated with the Stock Connect Scheme”

7. Securities Financing Transactions

The Fund may enter into stocklending and repurchase/reverse repurchase agreements as described above.

The collateral supporting stocklending and repurchase/reverse repurchase agreements will be valued daily at mark-to-market prices in accordance with the requirements of the Central Bank, and daily variation margin used if the value of collateral falls (due for example to market movements) below the required collateral coverage requirements in respect of the relevant transaction.

In respect of stocklending and repurchase/reverse repurchase agreements, collateral received and any investment of such collateral must meet the requirements of the Central Bank as set out in the Central Bank UCITS Regulations and as further detailed under the section below headed “Management of Collateral for OTC Financial Derivative Instruments and Techniques for Efficient Portfolio Management”.

The types of assets that may be received as collateral in respect of stocklending and repurchase/reverse repurchase agreements may include cash, baskets of and individual equities for securities lending transactions.

The counterparty to any repurchase/reverse repurchase agreement entered into by the Fund shall be an entity which is subject to an appropriate internal credit assessment carried out by the Investment Manager, which shall include amongst other considerations, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty, legal status of the counterparty, industry sector risk and concentration risk (“Internal Credit Assessment”).

8. Offer

Shares in the Fund will be issued at the Net Asset Value per Share.

9. Minimum Subscription

The Minimum Subscription limits are as follows:

*Minimum Subscription (*Initial Subscription)*

Class	Minimum Subscription
Class C USD Accumulation	\$1,000
Class Y GBP Accumulation	£1,000
Class Y GBP Distribution	£1,000
Class Y EUR Accumulation	€1,000
Class Y EUR Distribution	€1,000
Class Y USD Accumulation	\$1,000
Class Y USD Distribution	\$1,000

Class Z GBP Distribution	£100,000,000
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The Directors reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Subscription for certain investors.

10. Application for Shares

Applications for Shares may be made through the Administrator (whose details are set out in the Application Form). Applications accepted and received by the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day unless the Directors in their absolute discretion otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day. Applications received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders.

Initial applications should be made using an Application Form obtained from the Administrator but may, if the Company so determines, be made by telefax subject to prompt transmission to the Administrator of the original signed application form and such other papers (such as documentation relating to money laundering prevention checks) as may be required by the Directors or their delegate. No redemptions will be processed until the original Application Form and such other papers as may be required by the Directors have been received and all anti-money laundering procedures have been completed. Subsequent applications to purchase Shares following the initial subscription may be made to the Administrator by telefax or such other means as may be permitted by the Directors without a requirement to submit original documentation and such applications should contain such information as may be specified from time to time by the Directors or their delegate. Amendments to a Shareholder's registration details and payment instructions will only be made following receipt of original written instructions from the relevant Shareholder.

Fractions

Subscription monies representing less than the subscription price for a Share will not be returned to the investor. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .01 of a Share.

Subscription monies, representing less than .01 of a Share will not be returned to the investor but will be retained by the Company in order to defray administration costs.

Method of Payment

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic or electronic transfer to the bank account specified in the Application Form enclosed with this Prospectus. Other methods of payment are subject to the prior approval of the Company. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

Currency of Payment

Subscription monies are payable in the currency of denomination of the relevant Share Class. However, subscriptions may be made in any freely convertible currency accepted by the Administrator but will be converted into the currency of denomination of the relevant Share Class at the rate of exchange available to the Administrator. The cost of conversion shall be deducted from the monies subscribed by an investor and the amount remaining will then be invested in Shares. The attention of investors is drawn to the fact that the value of Shares subscribed for in a currency other than the currency of denomination of the relevant Share Class will be subject to exchange rate risk in relation to the relevant currency of denomination.

Timing of Payment

Payment in respect of subscriptions must be received in cleared funds by the Administrator no later than 3 Business Days after the relevant Dealing Day provided that the Company reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Fund. If payment in cleared funds in respect of a subscription has not been received by the relevant time, the Manager or its delegate may (and in the event of non-clearance of funds, shall) cancel the allotment and/or charge the investor interest at the 7 day London Interbank Offer Rate as fixed by the British Banking Association (LIBOR) + 1.5% for the relevant subscribed currency, which will be paid to the Manager together with an administration fee of Stg£100, or its relevant subscribed currency equivalent. The Company may waive either of such charges in whole or in part. In addition, the Manager has the right to sell all or part of the investor's holding of Shares in the Fund or any other Fund of the Company in order to meet such charges.

Confirmation of Ownership

Confirmation of each purchase of Shares will be sent to Shareholders within 48 hours of the purchase being made. Confirmation will normally be dispatched by email or facsimile where the relevant and proper contact details have been provided to the Administrator, or alternatively by post at the discretion of the Administrator. Title to Shares will be evidenced by the entering of the investor's name on the Company's register of Shareholders and no certificates will be issued.

11. Redemption of Shares

Requests for the redemption of Shares should be made to the Administrator whose details are set out in the Application Form on behalf of the Company by way of a signed application form or facsimile or written communication or such other means as may be permitted by the Directors and should include such information as may be specified from time to time by the Directors or

their delegate. Requests for redemption received prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any requests for redemption received after the Dealing Deadline for a Dealing Day will be processed on the next Dealing Day unless the Company in its absolute discretion determines otherwise. Redemption requests received after the Dealing Deadline but prior to the Valuation Point will only be accepted in exceptional circumstances as determined and agreed by the Directors, and having regard to the equitable treatment of Shareholders. Redemption requests will only be accepted for processing where cleared funds and completed documents including documentation relating to money laundering prevention checks are in place from original subscriptions. No redemption payment will be made from an investor holding until the original subscription application form and all documentation required by or on behalf of the Company (including any documents in connection with anti-money laundering procedures) has been received from the investor and the anti-money laundering procedures have been completed.

The redemption price per Share shall be the Net Asset Value per Share. However, the Directors are empowered to charge a redemption fee, details of which are set out at Section **13. Fees and Expenses**, sub-heading "Redemption Fee". In the event of a redemption fee being charged, Shareholders should view their investment as medium to long term.

Method of Payment

Redemption payments following processing of instructions received by telefax will only be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

Currency of Payment

Shareholders will normally be repaid in the currency of denomination of the relevant Share Class. If, however, a Shareholder requests to be repaid in any other freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of the Shareholder and the cost of conversion shall be deducted from the redemption proceeds payable to the Shareholder.

Timing of Payment

Redemption proceeds in respect of Shares will be paid within 5 Business Days of the Dealing Deadline for the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Administrator.

Withdrawal of Redemption Requests

Requests for redemption may not be withdrawn save with the written consent of the Company or its authorised agent or in the event of suspension of calculation of the Net Asset Value of the Fund.

Compulsory/Total Redemption

Shares of the Fund may be compulsorily redeemed and all the Shares may be redeemed in the circumstances described in the Prospectus under the sub-headings “Compulsory Redemption of Shares” and “Total Redemption of Shares”.

12. Conversion of Shares

Subject to the Minimum Subscription requirements of the relevant Fund or Classes, Shareholders may request conversion of some or all of their Shares in one Fund or Class to Shares in another Fund or Class or another Class in the same Fund in accordance with the procedures specified in the Prospectus under the heading “Conversion of Shares”.

13. Fees and Expenses

The fees and operating expenses of the Company are set out under the heading “Fees and Expenses” in the Prospectus. All or part of the fees and expenses of the Fund may be charged to the capital of the Fund.

Administration Fee

The Manager will pay to the Investment Manager out of the assets of the Fund a maximum fee as detailed below (plus VAT, if any, thereon), accrued at each Valuation Point and payable monthly in arrears.

- Up to 0.59% of the Net Asset Value of the Fund on the first \$500 million
- Up to 0.35% of the Net Asset Value of the Fund on amounts in excess of \$500 million

The administration fee is payable to the Investment Manager subject to the proviso that, when taken together with the investment management fee payable to the Investment Manager (as detailed below) the combined administration fee and investment management fee shall not exceed 2% of the Net Asset Value of the relevant Class.

The Investment Manager shall be responsible for paying the expenses of the Fund and its service providers as detailed below out of the administration fee it receives, to include establishment costs, fees and expenses payable to the Manager, the Depositary, the Administrator, including transfer agency transaction fees, all fees for investment research (subject to a maximum charge of 0.10% of the Net Asset Value of the Fund), Directors fees, any Paying Agent appointed by or on behalf of the Company, and general administrative expenses, which include but are not limited to legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, taxes and governmental expenses applicable to the Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the Prospectus, stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued, all expenses in connection with obtaining and maintaining a credit rating for the Fund or Classes or Shares, expenses of Shareholders meetings, Directors’ insurance premia, expenses

of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.

Investment Manager's Fee

The Manager will pay to the Investment Manager out of the assets of the Fund the fees as detailed below subject to a maximum fee of 2% of the Net Asset Value of the relevant Class, accrued at each Valuation Point and payable monthly in arrears.

The investment management fee is payable to the Investment Manager subject to the proviso that, when taken together with the administration fee payable to the Investment Manager (as detailed above) the combined investment management and administration fee shall not exceed 2% of the Net Asset Value of the relevant Class.

Class	Fee
Class C USD Accumulation	1.50% of the Net Asset Value of the Class C USD Accumulation Shares
Class Y GBP Accumulation	0.50% of the Net Asset Value of the Class Y GBP Accumulation Shares
Class Y GBP Distribution	0.50% of the Net Asset Value of the Class Y GBP Distribution Shares
Class Y EUR Accumulation	0.50% of the Net Asset Value of the Class Y EUR Accumulation Shares
Class Y EUR Distribution	0.50% of the Net Asset Value of the Class Y EUR Distribution Shares
Class Y USD Accumulation	0.50% of the Net Asset Value of the Class Y USD Accumulation Shares
Class Y USD Distribution	0.50% of the Net Asset Value of the Class Y USD Distribution Shares
Class Z GBP Distribution	0.25% of the Net Asset Value of the Class Z GBP Distribution Shares

Global Distributor

The Global Distributor shall be entitled to receive a distribution fee of up to 5% on subscription proceeds in respect of any Class C Shares. This fee may be waived in whole or in part at the discretion of the Global Distributor.

The fees of any sub-distributor appointed by the Global Distributor will be paid out of the portion of the fees payable to it for the distribution of Shares of the Fund.

Redemption Fee

A redemption fee not exceeding 2% of the Net Asset Value of Shares being redeemed within 30 days of subscription may be imposed on the redemption of Shares which shall be retained by the

Company for its sole use and benefit or as it may determine. The Directors may differentiate between Shareholders of the Fund by waiving or reducing the redemption fee chargeable to certain Shareholders.

Shareholders who redeem after the 30 day period will not be charged a redemption fee.

14. Dividends and Distributions

Distribution Shares

The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Directors. Dividends, if declared, will be paid semi-annually within four months of declaration. It is intended that the Fund will pursue a distribution policy so that the Fund will be able to obtain certification as a "Reporting Fund" under the United Kingdom Offshore Funds (Tax) Regulations 2009 for the purpose of United Kingdom taxation. A failure of the Fund to comply with this requirement will result in the Fund failing to obtain such certification.

If sufficient income is available in respect of the Fund, the Directors' current intention is to make distributions in each financial year of substantially the whole of the net income (including interest and dividends) accruing to that proportion of the Fund attributable to the Distribution Share Classes in respect of the period from the relevant Ex-Dividend Date (as set out below) to the following semi-annual period (a Distribution Period).

Dividends may be paid out of net investment income. Dividends will not be paid out of the capital of the Fund.

Fees and expenses may be charged against income, or against capital in order to enable the Fund to pay a larger distribution amount. Where fees and expenses are paid out of the capital of the Fund, the capital of the Fund may be eroded and income will be achieved by foregoing the potential for future capital growth.

The dividend distribution dates of the Fund are set out below.

Ex-Dividend Date	For Distribution By
First Business Day in January	Last Business Day in January
First Business Day in July	Last Business Day in July

Equalisation

The Fund operates equalisation in relation to all Distribution Share Classes. A Shareholder who has purchased Distribution Shares during a Distribution Period will receive a distribution made up of two amounts:

- income which has accrued from the date of purchase, and
- capital which represents the return of the equalisation element.

The effect is that income is distributed to Shareholders in proportion to the duration of their ownership of the Distribution Shares in the relevant Distribution Period. All Distribution Shares purchased during a Distribution Period will contain in their purchase price an amount called equalisation which represents a proportion of the income (if any) of the Fund, attributable to the relevant Distribution Share Class, that has accrued (but has not been distributed) up to the date of issue. The amount of equalisation is averaged across all the Shareholders of the relevant Distribution Share Class and is refunded to them as part of the first distribution after their purchase of Distribution Shares. Such returned equalisation may be treated as a return of capital for tax purposes depending on the tax rules in the country where a Shareholder pays tax. Shareholders of all Distribution Share Classes who redeem their Shares will receive an amount which will include the income accrued to the date of redemption and which may be treated as income for tax purposes, subject to the tax rules in the country where a Shareholder pays tax.

Shareholders of Distribution Shares may elect in their application for Shares either to receive dividends in cash or to reinvest the dividend amount in further Shares. In the absence of the Shareholder making the election as above, the Fund shall reinvest the dividend payment in Shares, until otherwise directed in writing by the Shareholder. If dividends are to be paid in cash, they will normally be paid by electronic transfer at the Shareholder's risk and expense.

If a dividend is not payable, all income and gains of the Fund will be accumulated within the Fund. Dividends which are not claimed or collected within six years of payment shall revert to and form part of the assets of the Fund. Dividends will be paid by cheque or bank transfer at the expense of Shareholders. Shareholders may elect to re-invest dividends in additional Shares in the Fund by ticking the appropriate box on the Application Form.

Accumulation Shares

Income attributable to Accumulation Share Classes will not be distributed but will be accumulated within the Fund.

15. Risk Factors

The attention of investors is drawn to the "Risk Factors" section in the Section of the Prospectus entitled "The Company").

In addition, the following risk factors are specific to an investment in the Fund.

Investment in Equity Securities

The Fund will invest in equity securities traded on Recognised Exchanges. Equity securities will be subject to risks associated with such investments, including fluctuations in market prices, adverse issuer or market information and the fact that equity securities are subordinate in the right of payment to other corporate securities, including debt securities. The value of these securities varies with the performance of the respective issuers and movements in the equity

markets generally. As a result, the Fund may suffer losses if it invests in equity securities of issuers where performance falls below market expectations or if equity markets in general decline or the Fund has not hedged against such a general decline.

Concentration Risk

The Fund invests globally and typically holds a relatively small number of stocks as compared to many other funds. Under normal market conditions the Fund intends to invest in between 25 and 75 stocks. This may make the Fund's performance more volatile than would be the case if it had a diversified investment portfolio.

Market risks in Emerging Markets:

Political and economic factors

There is, in some emerging market countries, a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of Investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of Investments in those countries. The economies of many emerging market countries can be heavily dependent on international trade and accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

Counterparty risk and liquidity factors

There can be no assurance that there will be any market for any Investments acquired by the Fund or, if there is such a local market, that there will exist a secure method of delivery against payment which would, in the event of a sale by or on behalf of the Fund, avoid exposure to counterparty risk on the buyer. It is possible that, even if a market exists for such Investment, that market may be highly illiquid. Such lack of liquidity may adversely affect the value or ease of disposal of such Investments. There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur.

Legal factors

The legislative framework in emerging market countries for the purchase and sale of Investments and in relation to beneficial interests in those Investments may be relatively new and untested and there can be no assurance regarding how the courts or agencies of emerging market countries will react to questions arising from the Fund's investment in such countries and arrangements contemplated in relation thereto. There is no guarantee that any arrangements made, or agreement entered into, between the Depositary and any correspondent (i.e. an agent, sub-custodian or delegate) will be upheld by a court of any emerging market country, or that any judgement obtained by the Depositary or the Company against any such correspondent in a court of any jurisdiction will be enforced by a court of any emerging market country.

Reporting and valuation factors

There can be no guarantee of the accuracy of information available in emerging market countries in relation to Investments which may adversely affect the accuracy of the value of Shares in the Fund. Accounting practices are in many respects less rigorous than those applicable in more developed markets. Similarly, the amount and quality of information required for reporting by companies in emerging market countries is generally of a relatively lower degree than in more developed markets.

Exchange control and repatriation factors

It may not be possible for the Fund to repatriate capital, dividends, interest and other income from emerging market countries, or it may require government consents to do so. The Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

Settlement factors

There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of the Depository or the Company as the holder of securities. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and OTC traded securities acquired by the Fund, including those related to dividends, can be realised. Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

Currency factors

The economies of emerging countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. In this regard, Investments in emerging countries may involve risks of restrictive currency control regulations and currency conversion rates may be artificial to actual market values. Currency exchange rates in emerging markets may fluctuate significantly over short periods of time.

Custody factors

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances the Fund may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Fund in investing and holding Investments in such markets will generally be higher than in organised securities markets.

Default Risk

The Fund's Investments may include securities issued by corporate or other non-sovereign entities located or doing business in emerging market countries and sovereign obligations of emerging market countries. There is a risk that the issuing entity will default, or reschedule its obligation to repay the principal and interest, and the Fund may have limited recourse against the issuer.

Special Risks Associated with investment in Emerging Markets

Investing in this Fund may be more risky than investing in a fund that invests in developed markets due to increased volatility of emerging markets. You may lose money by investing in this Fund if any of the following occur:

- The emerging market stock markets decline in value;
- Emerging market stocks fall out of favour with investors;
- The Fund has difficulty selling stocks due to lower liquidity and higher volatility;
- The value of local currencies declines relative to the U.S. dollar, the Euro or Pounds Sterling;
- A government expropriates or nationalizes the assets of the Fund or companies in which the Fund invests;
- Political, social, currency-rate fluctuations or economic instability cause the value of the Fund's investments to decline;
- The Fund's focus on emerging markets stocks to the exclusion of other regions exposes the Fund to greater market risk and potential monetary losses than if the Fund's assets were diversified among other regions; or
- The Fund declines in value due to its non-diversified geographical status which exposes it to greater loss.

Risks associated with the Stock Connect Scheme

Stock Connect Securities

There can be no assurance that an active trading market for such Stock Connect securities will develop or be maintained. If spreads on Stock Connect securities are wide, this may adversely affect the Fund's ability to dispose of such securities at the desired price. If the Fund needs to sell Stock Connect securities at a time when no active market for them exists, the price it receives for its Stock Connect securities - assuming it is able to sell them - is likely to be lower than the

price received if an active market did exist, and thus the performance of the Fund may be adversely affected depending on the Fund's size of investment in securities through the Stock Connect.

Quota Limitations

The Stock Connect scheme ("Connect Scheme") is subject to quota limitations which may restrict the Company's ability to invest in China A-Shares through the programme on a timely basis and as a result, the Fund's ability to access the China A-Shares market (and hence to pursue its investment strategy) may be adversely affected.

Trading under the Connect Scheme will be subject to the Daily Quota. The Daily Quota may change and consequently affect the number of permitted buy trades on the relevant Northbound Trading Link. The Fund does not have exclusive use of the Daily Quota and such quotas are utilised on a "first come – first served" basis. Therefore, quota limitations may restrict the Fund's ability to invest in or dispose of China Connect Securities through the Connect Scheme on a timely basis.

Clearing and Settlement Risk

The HKSCC and ChinaClear have established the clearing links and each becomes a participant of each other to facilitate clearing and settlement of cross-border trades. For cross-border trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

The Fund's rights and interests in China Connect Securities will be exercised through HKSCC exercising its rights as the nominee holder of China Connect Securities credited to HKSCC's omnibus account with ChinaClear. The relevant measures and rules in relation to the Stock Connect Scheme generally provide for the concept of a "nominee holder" and recognise the investors including the Fund as the "beneficial owners" of the Stock Connect securities.

However, the precise nature and rights of an investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law. Therefore, the Fund's assets held by HKSCC as nominee (via any relevant brokers' or custodians' accounts in CCASS) may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Fund.

In connection to this, in the event of a default, insolvency or bankruptcy of a custodian or broker, the Fund may be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets.

In the remote event of any settlement default by HKSCC, and a failure by HKSCC to designate securities or sufficient securities in an amount equal to the default such that there is a shortfall of

securities to settle any securities trades, ChinaClear may deduct the amount of that shortfall from HKSCC's omnibus account with ChinaClear, such that the Fund may share in any such shortfall.

As previously discussed, HKSCC is the nominee holder of the securities acquired by investors via Stock Connect. As a result, in the remote event of a bankruptcy or liquidation of HKSCC, the Stock Connect securities may not be regarded as the general assets of HKSCC under the laws of Hong Kong, and will not be available to the general creditors of HKSCC on its insolvency. In addition, as a Hong Kong incorporated company, any insolvency or bankruptcy proceedings against HKSCC will be initiated in Hong Kong and be subject to Hong Kong law. In such circumstances, ChinaClear and the courts of mainland China will regard the liquidator of HKSCC appointed under Hong Kong law as the entity with the power to deal with the relevant securities in place of HKSCC.

Trading in Derivatives and Efficient Portfolio Management Techniques

The prices of derivative instruments, including futures and options prices, may be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to efficient portfolio management or the ability to meet redemptions.

The Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default.

The Fund may be exposed to legal risk, particularly in the context of OTC derivatives. Legal risk is the risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly.

Conflicts of interest may arise as a result of the Fund's trading with counterparties. Such parties may obtain information regarding the Fund's activities and strategies that could be used by such third parties to the detriment of the Fund.

Re-Investment of Cash Collateral

Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Sub-Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested

16. Investment Restrictions

Notwithstanding Point 3.1 of Appendix I – Investment Restrictions in the Prospectus, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.