

Important

This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional advice.

Capitalised terms used but not otherwise defined in this Notice have the meanings given to them in the prospectus of the Nikko AM Hong Kong Investment Funds (“**Fund**”) dated January 2017, as amended by the First Addendum dated 24 March 2017, the Second Addendum dated 23 April 2018, the Third Addendum dated 16 November 2018 and the Fourth Addendum dated 25 March 2019, as amended and supplemented from time to time (“**Prospectus**”).

Nikko Asset Management Hong Kong Limited (the “**Manager**”) accepts full responsibility for the accuracy of the information contained in this Notice 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 in this Notice misleading as at the date of issuance.

17 December 2019

NOTICE TO UNITHOLDERS

Nikko AM Hong Kong Investment Funds - Nikko AM Asian Small Mid Equity Fund (the “Sub-Fund”)

Amendments to Reflect (1) Requirements under the Revised Code on Unit Trusts and Mutual Funds and Other Amendments and (2) Publication of Prices, Dealing Suspension Notice, and Reports and Accounts.

Dear Unitholders,

We are writing to inform you of certain changes to the Fund and the Sub-Fund.

A. Background

The Fund and the Sub-Fund are subject to the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the Securities and Futures Commission in Hong Kong (“**SFC**”). The Code has been revised. The Trust Deed will be amended by way of a supplemental deed (“**Supplemental Deed**”) and the Prospectus will be amended by way of a revised prospectus (“**Revised Prospectus**”) to reflect the requirements under the revised Code.

B. Changes pursuant to the revised Code

The following key changes (“**Changes**”) will be made to the Trust Deed and/or the Prospectus (where applicable) to reflect the requirements under the revised Code:

1. Trustee and Manager - additional obligations of HSBC Institutional Trust Services (Asia) Limited (the “**Trustee**”) and the Manager under Chapters 4 and 5 respectively of the revised Code.
2. Investment Restrictions: Core Requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments, securities financing transactions and collateral etc.

A summary of the key revised investment restrictions/requirements pursuant to the revised Code are set out in Annexure A enclosed with this Notice.

Information on the net derivative exposure of the Sub-Fund calculated in accordance with the requirements and guidance issued by the SFC is set out in Annexure B enclosed with this Notice.

3. Other Amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised Code including the following:
 - (a) enhanced disclosures relating to the obligations of the Manager where a third party is engaged in the valuation of the assets of a Sub-Fund;
 - (b) amendments to reflect the suspension of the determination of the Net Asset Value may be provided by the Manager, after consultation with the Trustee, having regard to the best interests of Unitholders;

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- (c) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft dollars arrangements; and
- (d) enhanced disclosures on arrangements in handling unclaimed proceeds of Unitholders where a Sub-Fund is terminated.

Please refer to the Supplemental Deed and the Revised Prospectus for further details.

C. Publication of Prices, Dealing Suspension Notice, and Reports and Accounts

The Manager has established a website at <https://www.nikkoam.com.hk/funds> to disseminate information relating to the Fund and/or Sub-Fund. Please note that the aforesaid website has not been reviewed or authorized by the SFC.

Accordingly, with effect from 31 December 2019:

- the Issue Price and Redemption Price for each Class of the Sub-Fund will only be published at the aforesaid Manager's website;
- whenever the Manager declares a suspension, the Manager shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish such notice at the aforesaid Manager's website or in one Hong Kong daily English and Chinese language newspaper; and
- as an alternative to the distribution of printed audited accounts and unaudited semi-annual reports, the annual report and audited accounts (in English only) will be made available on the aforesaid Manager's website within four months after the Accounting Date, and the unaudited semi-annual accounts (in English only) will be made available on the aforesaid Manager's website within two months after the Semi-Annual Accounting Date in each year.

Please refer to the Revised Prospectus for further details.

D. Implication of Changes

Save as disclosed in this Notice, the Changes will not result in any material change to the investment objective and risk profile of the Sub-Fund. There will be no increase in the fees payable out of the assets of the Sub-Fund as a result of the Changes. The Changes will also not result in a change in the manner in which the Fund and the Sub-Fund currently operate or are being managed save as disclosed in this Notice.

E. Availability of Documents

Starting from 31 December 2019:

- copies of the Trust Deed together with all supplemental deeds (including the Supplemental Deed) can be inspected free of charge at the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays); and
- the Revised Prospectus and updated Product Key Facts Statement will be available on the Manager's website of <https://www.nikkoam.com.hk/funds>. This website has not been reviewed or authorized by the SFC.

F. Enquiries

If you have any questions relating to the above, please contact us at +852 3940 3900 during normal business hours.

We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

Yours faithfully,

For and on behalf of
Nikko Asset Management Hong Kong Limited



Yasuaki Ogiwara
Director

ANNEXURE A

SUMMARY OF KEY REVISED INVESTMENT RESTRICTIONS

The key amendments to the investment restrictions are as follows:

- (a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following may not exceed 10% of its latest available Net Asset Value:
 - (i) investments in securities issued by that entity;
 - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments¹.
- (b) subject to the requirements under the revised Code, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group (i.e. generally, entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) through the following may not exceed 20% of its latest available Net Asset Value:
 - (i) investments in securities issued by those entities;
 - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.
- (c) the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of its latest available Net Asset Value provided that the 20% limit may be exceeded in certain circumstances specified in the revised Code.
- (d) a Sub-Fund may not invest in physical commodities unless otherwise approved by the SFC and disclosed in the investment policies of the Sub-Fund.
- (e) subject to the requirements under the revised Code, a Sub-Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.
- (f) Under the revised Code, the maximum borrowing of a Sub-Fund has been reduced to 10% of its latest available Net Asset Value. Securities lending transactions and sale and repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph. For the avoidance of doubt, the maximum borrowing of the Sub-Fund has been and remains as 10% of its latest available Net Asset Value.
- (g) a Sub-Fund may acquire financial derivative instruments for hedging purposes.
- (h) a Sub-Fund may also acquire financial derivative instruments for non-hedging purposes in accordance with its investment objective and policy subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value.

Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 50% limit so long as there is no residual derivative exposure arising from such hedging arrangement.

¹ The Sub-Fund currently does not intend to invest in over-the-counter financial derivative instruments.

ANNEXURE B

INFORMATION ON NET DERIVATIVE EXPOSURE

The net derivative exposure is calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of a Sub-Fund are converted into their equivalent positions in their underlying assets.

The following Sub-Fund may acquire financial derivative instruments for hedging purposes only subject to the limit set out below:

Sub-Fund	Net derivative exposure (% of Net Asset Value)
Nikko AM Asian Small Mid Equity Fund	up to 50%

重要提示

此乃重要文件，務須閣下即時垂注。倘閣下對本文件內容有任何疑問，應尋求獨立專業意見。

除非另有定義，否則本通知所使用的詞彙具有日興資產管理香港投資基金（「**本基金**」）日期為 2017 年 1 月的章程（經日期為 2017 年 3 月 24 日的第一份補編、日期為 2018 年 4 月 23 日的第二份補編、日期為 2018 年 11 月 16 日的第三份補編及日期為 2019 年 3 月 25 日的第四份補編修訂）（經不時修訂及補充）（「**章程**」）所賦予的涵義。

日興資產管理香港有限公司（「**基金經理**」）就本通知所載資料的準確性承擔全部責任，並在作出一切合理查詢後確認，就其深知及確信，本通知於刊發之日並無遺漏任何其他事實以致任何陳述具有誤導成分。

致單位持有人的通知

日興資產管理香港投資基金 - 日興資產管理亞洲中小型股票基金（「**成份基金**」）

反映(1)經修訂《單位信託及互惠基金守則》的規定及其他修訂及(2)公佈價格、暫停交易通知以及報告及賬目之修訂

親愛的單位持有人：

吾等謹致函通知閣下有關於本基金及成份基金的若干更改。

A. 背景

本基金及成份基金須受香港證券及期貨事務監察委員會（「**證監會**」）發出的《單位信託及互惠基金守則》（「**守則**」）所約束。守則經已修訂。信託契約將以補充契約（「**補充契約**」）的形式作出修訂，而章程將以經修訂的章程（「**經修訂章程**」）的形式作出修訂，以反映經修訂守則下之規定。

B. 根據經修訂守則作出的變更

信託契約及／或章程（如適用）將作出以下主要變更（「**變更**」），以反映經修訂守則下之規定：

1. **受託人及基金經理** - 經修訂守則第 4 章及第 5 章下有關滙豐機構信託服務（亞洲）有限公司（「**受託人**」）及基金經理的額外責任。
2. **投資限制：核心規定** - 經修訂守則第 7 章下核心規定及其受禁制進行的投資項目之修訂，包括但不限於有關以下各項的修訂：投資分布、商品、借出貸款限制、借款限制、金融衍生工具、證券融資交易及抵押品等。

根據經修訂守則作出的主要經修訂投資限制／規定摘要載於本通知附件 A。

各子基金根據證監會發出的規定和指引計算的衍生工具風險承擔淨額資料載於本通知附件 B。

3. **其他修訂** - 其他反映經修訂守則之規定的修訂及加強披露如下：

- (a) 有關基金經理在委聘第三方對成份基金資產進行估值時的責任之加強披露；
- (b) 反映基金經理經諮詢受託人後，在顧及單位持有人的最佳利益下可能暫停釐定資產淨值的修訂；

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- (c) 反映經修訂守則下有關與關連人士的交易及非金錢利益的安排之規定的修訂；及
- (d) 有關成份基金終止時處理單位持有人未領款項的安排之加強披露。

請參閱補充契約及經修訂章程，以了解進一步詳情。

C. 公佈價格、暫停交易通知以及報告及賬目

基金經理已設立網站：<https://www.nikkoam.com.hk/funds>，以發佈與本基金及／或子基金有關的資料。請注意，上述網站未經證監會審核或認可。

因此，自 2019 年 12 月 31 日起：

- 子基金各類別的發行價及贖回價只會於上述的基金經理網站發佈；
- 當基金經理宣布暫停事宜，其應於宣布後在切實可行的範圍內盡快及於暫停期間內每月至少一次安排在上列的基金經理網站或一份香港英文及中文日報刊登通知；及
- 除派發經審核賬目及未經審核半年度報告的印刷版本，年報及經審核賬目（只有英文版）將於會計日期後四個月內在上述基金經理的網站提供，而未經審核半年度賬目（只有英文版）將於每年的半年度會計日期後計兩個月內在上述的基金經理網站提供。

請參閱經修訂章程以了解進一步詳情。

D. 變更的影響

除本通知所披露者外，變動將不會導致各成份基金的投資目標及風險概況有任何重大轉變。變動不會導致應從成份基金資產中支付的費用增加。除本通知所披露者外，變動亦不會改變本基金及成份基金目前的操作或管理方式。

E. 可供查閱文件

自 2019 年 12 月 31 日起：

- 信託契約連同所有補充契約（包括補充契約）的副本可在正常辦公時間（星期六、日及公眾假期除外）內於基金經理辦事處免費查閱；及
- 經修訂章程及經更新產品資料概要將於基金經理的網站 <https://www.nikkoam.com.hk/funds> 提供。此網站未經證監會審核或認可。

F. 查詢

若閣下對上文有任何疑問，請於正常辦公時間致電+852 3940 3900 與我們聯絡。

謹此感謝閣下一直以來的寶貴支持，並期望繼續為閣下提供服務。

日興資產管理香港有限公司
謹啟

2019 年 12 月 17 日

附件 A

主要經修訂投資限制摘要

投資限制的主要修訂如下：

- (a) 成份基金如果透過以下方式投資於任何單一實體或就任何單一實體承擔風險，則成份基金所作的投資或所承擔的風險的總值（政府證券及其他公共證券除外）不可超逾其最近期可得資產淨值的 10%：
 - (i) 對該實體發行的證券作出投資；
 - (ii) 透過金融衍生工具的相關資產就該實體承擔的風險；及
 - (iii) 因與該實體就場外金融衍生工具進行交易而產生的對手方風險淨額¹。
- (b) 根據經修訂守則下之規定，成份基金如果透過以下方式投資於同一個集團內的實體（即一般來說，為按照國際認可會計準則擬備綜合財務報表而被納入同一集團內的實體）或就同一個集團內的實體承擔風險，則成份基金所作的投資或所承擔的風險的總值不可超逾其最近期可得資產淨值的 20%：
 - (i) 對該等實體發行的證券作出投資；
 - (ii) 透過金融衍生工具的相關資產就該等實體承擔的風險；及
 - (iii) 因與該等實體就場外金融衍生工具進行交易而產生的對手方風險淨額。
- (c) 成份基金如果將現金存放於同一集團內一個或多於一個實體，則該等現金存款的價值不可超逾其最近期可得資產淨值的 20%，惟在經修訂守則所訂明的若干情況下，可超逾該 20% 的上限。
- (d) 除非獲證監會給予批准及於成份基金的投資政策有所披露，否則成份基金不可投資於實物商品。
- (e) 根據經修訂守則下之規定，成份基金不可放貸、承擔債務、進行擔保、背書票據，或直接地或或然地為任何人的責任或債項承擔責任或因與任何人的責任或債項有關連而承擔責任。為免生疑問，符合經修訂守則下之規定的反向回購交易，不受本段所列限制的規限。
- (f) 根據經修訂守則，成份基金的最高可借進款項已降至其最近期可得資產淨值的 10%。符合經修訂守則下之規定的證券借出交易和銷售及回購交易，不受本段所列限制的規限。為免生疑問，成份基金的最高可借進款項一直並保持為其最近期可得資產淨值的 10%。
- (g) 成份基金可為對沖目的取得金融衍生工具。
- (h) 成份基金亦可根據其投資目標及政策為非對沖目的而取得金融衍生工具，但與該等金融衍生工具有關的風險承擔淨額（「**衍生工具風險承擔淨額**」）不得超逾成份基金最近期可得資產淨值的 50%。

衍生工具風險承擔淨額應根據守則及證監會發出的規定和指引（可不時予以更新）計算出來。為免生疑問，為對沖目的而取得的金融衍生工具若不會產生任何剩餘的衍生工具風險承擔，該等工具的衍生工具風險承擔將不會計入 50% 限額。

¹成份基金目前不擬投資於場外金融衍生工具。

附件 B

衍生工具風險承擔淨額的資料

衍生工具風險承擔淨額應根據守則及證監會發出的規定和指引（可不時予以更新）計算出來。在計算衍生工具風險承擔淨額時，須將為投資目的而取得及會在成份基金的投資組合層面產生遞增槓桿效應的衍生工具換算成其相關資產的對應持倉。

以下成份基金可為對沖目的而取得金融衍生工具，惟須受下列上限所約束：

成份基金	衍生工具風險承擔淨額 (資產淨值百分比)
日興資產管理亞洲中小型股票基金	最多 50%