

## FUND INFORMATION CARD 3

### SPARX OneAsia All Cap Fund (the "Fund")

This Fund Information Card forms part of and should be read in conjunction with the Prospectus dated 13 December, 2016 (the "Prospectus") for SPARX Funds plc (the "Company") and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.

This Fund Information Card contains specific information in relation to the Fund, a Fund of the Company, an open-ended umbrella investment company, with segregated liability between Funds, established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended. The Company has three other funds, the SPARX Japan Fund, the SPARX Japan Smaller Companies Fund and the SPARX Japan Sustainable Equity Fund, information in respect of each of these is set out in the relevant Fund Information Card.

Application will be made to the Irish Stock Exchange for the USD Class A, B, C and D, issued and to be issued, to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange. The USD Class A, B, C and D and expected to be admitted to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange on or about 11th May, 2018.

No application has been made for the Shares of the Fund to be listed on any other stock exchange. The Directors do not anticipate that an active secondary market will develop in the Shares of the Fund.

Neither the Directors, nor any person closely associated with the Directors, the existence of which is known to or could with reasonable diligence be ascertained by that Director, whether or not through another party, have any interest in the Shares of the Fund, nor have they been granted any options in respect of the Shares of the Fund.

As of the date of this document the Fund has no loan capital (including term loans) outstanding or created but unissued, and no outstanding mortgages, charges, debentures or other borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

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

**A redemption fee of 3% may be payable, details of which will be set out in the relevant Class Information Card. The difference at any one time between the subscription and redemption price of Shares means that any investment should be viewed as medium to long term.**

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

### **Profile of a Typical Investor**

The Fund will invest in companies listed on Recognised Exchanges in Asia (excluding Japan) and is expected to have a medium level of volatility. The Fund is suitable for long-term investors.

#### **1. Interpretation**

All capitalised terms shall have the same meaning as they have in the Prospectus, unless otherwise defined herein.

The expression(s) below shall have the following meanings:

"Business Day" means any day on which banks are open for business in Ireland, Hong Kong and in any other financial centre which the Directors with the consent of the Administrator may determine to be relevant for the operations of any Fund.

"Equity Participation Notes" Equity Participation Notes are derivative instruments linked to financial instruments, which are listed equities only in this case. The Equity Participation Notes which the Fund will invest in do not embed derivatives or leverage. Shareholders may benefit from a potential capital gain in circumstances when their market anticipation on the underlying listed equities is correct. Equity Participation Notes are issued by a financial institution, therefore Shareholders may be exposed to the issuer's credit risk and the risks of the underlying financial instrument.

"Investment Advisor" means SPARX Asia Investment Advisors Limited whose principal place of business is at 605-606, 6/F ICBC Tower, 3 Garden Road, Central, Hong Kong as investment advisor to manage and invest the assets of the Fund in accordance with the investment objective, policies and restrictions described in this Supplement, pursuant to the Investment Advisory Agreement between the Company and SPARX Asia Investment Advisors Limited. The Investment Advisor is a private limited company that was formed under the laws of Hong Kong on 15 April 2002. The Investment Advisor registered as an investment advisor with the Hong Kong Securities and Futures Commission.

"Foreign Institutional Investor" means an institution who is registered under the Securities and

## **2. Investment Objectives & Policies**

### ***Investment Objective***

The investment objective of the Fund is to invest in listed equities and related securities including listed investment funds in the Asia region (excluding Japan), focusing on high quality companies that participate in the dynamic growth of the Asia economy and which are priced at a reasonable valuation.

### ***Investment Policies***

In order to achieve the investment objective the Fund will aim to invest at least 80% of the Fund in equities and related securities of high quality companies (i.e. companies with significant earnings, management and market potential). The stocks are identified by the Investment Advisor through a fundamental bottom-up research process to analyse the following characteristics 1) quality of earnings; 2) quality of growth; and 3) quality of management which is based on (i) analysing data relating to the management of the company's portfolio over time to determine stable growth of the company during different market conditions; and (ii) the relationship with the company's investors.

The Fund will seek to generate long-term capital appreciation by investing in quality companies that the Investment Advisor believes will benefit from structural and thematic investment opportunities which are driven by long-term trends, such as aging demographic, rising middle-class income, electronic vehicles and infrastructure investment, arising in Asia (excluding Japan). Selection will be based on the Investment Advisor's fundamental bottom-up research process. Investments shall be made in selected companies listed on the stock markets in Asia which are considered undervalued relative to its intrinsic value. In order to determine whether the stocks are priced at a reasonable valuation, the Investment Advisor considers the stock price (adjusted by the Investment Advisor taking into consideration the risk and quality of the company), the expected earnings and future growth, against the company's own historical return and against the historical return of other companies.

In circumstances where exposure to China is sought, this will be achieved through investing in H-Shares which are listed on the Hong Kong Stock Exchange and A-Shares/B-Shares listed on either the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect ("China Connect") schemes. For further information, please see the section entitled "Shanghai-Hong Kong Stock Connect Scheme" below.

In circumstances where exposure to India is sought, this will be achieved by investing in either OTC Equity Participation Notes contracts with Indian listed stocks listed on the Bombay Stock Exchange and the National Stock Exchange or market index as the underlying asset. Foreign Institutional Investor status will be sought by the Fund for investment in Indian equities. Exposure to Vietnam and Sri Lanka may also be sought by the Investment Advisor.

The Fund may invest up to a maximum of 10% of the Net Asset Value of the Fund in other collective investment schemes such as ETFs in accordance with the Central Bank guidance - UCITS Acceptable Investment in other Investment Funds, the investment restrictions set out in Appendix I to the Prospectus and the section entitled “Additional Investment Restrictions” below, where the investment policies of such collective investment schemes are consistent with those of the Fund.

The Fund may also invest in preferred stocks, warrants, depositary receipts, stock acquisition rights and securities with prices linked to stock prices or stock price indices as investments related to equity securities (such share related investments shall hereafter be referred to as “Share Related Assets”. The shares of listed investment funds, preferred stocks, warrants and the Share Related Assets shall hereafter be collectively referred to as “Selected Shares”). Any investments made in listed investment funds shall be in accordance with the Central Bank guidance - UCITS Acceptable Investment in other Investment Funds and the investment restrictions set out in Appendix I to the Prospectus and these investment funds will be consistent with the Fund’s investment objective and policies.

The Fund will purchase issues of Selected Shares based on the recommendations of the Investment Advisor.

Whilst it is intended that the Fund be invested as detailed above, the Investment Advisor is permitted to invest in cash and/or money market instruments, to include, but not limited to treasury bills, certificates of deposit, term deposits and commercial paper for ancillary liquid asset purposes and non-government and government fixed and/or floating rate investment grade bonds where this is considered to be in the best interests of the Shareholders of the Fund; for example, during periods of market uncertainty where such investment is deemed to be important for defensive purposes.

The Fund may also invest in equities, and depositary receipts listed on the US stock exchanges, specifically American Depositary Receipts listed on the US stock exchanges.

The investment objective of the Fund is not to track or benchmark its performance against any index. The MSCI AC Asia ex Japan Net Total Return Index (the “Reference Index”) which is USD based will be used to monitor the performance of the Fund. In principle, the portfolio investment ratio, i.e. the percentage of assets held in the portfolio which are non-cash or equivalent, in Selected Shares shall be maintained at a high level. Assets denominated in foreign currencies may from time to time be hedged with listed currency futures.

There is no limit on the extent to which the Fund may be invested in Asia (excluding Japan). The Fund may also invest to a limited extent in equities of Asian companies for who the principal trading market is non-Asia or that have a majority of their assets or business in Asia and equity related securities listed on a Recognised Exchange(s) to achieve its investment objective. Equity related securities means any securities which have equities as their underlying asset and for the purpose of this the Fund will be warrants, depositary receipts and stock acquisition rights.

The Fund may invest in listed shares of companies of any size albeit the majority of investments will typically be greater than US\$200 million in market capitalization. The Fund will not have an investment bias towards any industry or sector.

The Fund may utilise forwards for currency hedging purposes (as further described in the "Use of FDI for Currency Hedging Purposes" below).

All investments in collective investment schemes shall be UCITS authorised pursuant to the UCITS Directive or shall be alternative investment collective investment schemes in accordance with the UCITS Regulations which will primarily provide exposure to equities and related securities (as described above). Investment by the Fund in open-ended collective investment schemes may be up to 10% of the Net Asset Value of the Fund. The Fund may also invest in closed-ended collective investment schemes which may be treated as transferable securities for the purposes of the UCITS Regulations. The Fund may also, pending reinvestment or in circumstances of extreme volatility or if market factors require, invest up-to 100% of the Fund's Net Asset Value in cash, cash equivalents (including, but not limited to, cash deposits, commercial paper and certificates of deposit), money market funds and money market instruments (including but not limited to) short term commercial paper, floating rate notes, medium term notes or securities issued or guaranteed by any OECD government, its agencies or instrumentalities or by any supra-national entity with investment grade rating as rated by a Recognised Rating Agency.

### ***Principal Investment Strategies.***

The Fund is actively managed, and investment selection is research driven. The Investment Advisor will focus on individual stock selection using a "bottom up" research approach by identifying high quality companies that participate in the dynamic growth of the Asian economy and invest in companies priced at reasonable valuations. The Investment Advisor will seek to identify and arbitrage "value gaps" between a company's intrinsic value and its stock price by identifying a catalyst(s) that narrows the value gap (e.g. the introduction of a new corporate strategy and positive results from such a strategy). The Fund will mainly employ a direct research approach by visiting companies to conduct interviews with management and using its experience in investing in Asia and its knowledge of Asian corporate culture. The Investment Advisor will select potential investments using a fundamental approach, which includes evaluating various factors such as quality of earnings, management quality and market environment. As an actively managed Fund, portfolio holdings are not selected by reference to a specific index or other "benchmark". The number of holdings held by the Fund will vary, but under normal market conditions, the Fund will hold no more than 80 holdings. The Fund typically sells an investment when the Investment Advisor determines that a company's stock is overvalued by the market, relative to expected earnings and future growth, or when the company begins to show deteriorating fundamentals, or have identified better investment opportunities. The Fund may also sell an investment if it becomes an overweighed portfolio position, as determined by the Investment Advisor.

The Investment Advisor will select investments other than equities for the purpose of hedging the currency exposure risk involved with the Fund's investments in equities. The instruments used will be market specific and will provide the most cost efficient hedging for the Fund. The size of the hedging investment will be limited to the risk exposed from the corresponding equities investments. The only investment types other than equities that the Investment Advisor may utilise are forward currency contracts, cash or money market instruments for the purposes of efficient portfolio management. For further information please refer to the section below entitled "Financial Derivative Instruments and Techniques for Efficient Portfolio Management".

The Fund will invest primarily in securities denominated in Asian currencies. The Fund may employ other investment techniques, such as other derivative transactions for efficient portfolio management purposes which are subject to the conditions and limits set out by the Central Bank. The full list of derivatives which may be utilised by the Fund is warrants, forward currency contracts, listed currency futures and Equity Participation Notes for efficient portfolio management and/or to protect against exchange risks within the conditions and limits outlined in Appendix III of the Prospectus.

The Investment Adviser believes that the Asian Region will become more connected economically and move towards a “OneAsia” market. “OneAsia” is the premise that Asia is one economic region and that the growth of the global economy will be driven by the growth in Asia. The Investment Adviser anticipates the speed and scale of economic transformation of Asia will be unprecedented.

The Company employs a risk management statement which will enable it to accurately measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. Other techniques and instruments may be developed which may be suitable for use by the Fund and the Investment Advisor may, (subject to the conditions and within the limits laid down by the Central Bank and in accordance with the risk management statement and revised Supplement for the Fund cleared by the Central Bank) employ such techniques and instruments for investment purposes and for the purposes of efficient portfolio management. The Fund uses the commitment approach as the method to calculate global exposure. Leverage arising as a result of the use of financial derivative instruments will be limited to 100% of the Net Asset Value of the Fund.

### **3. Shanghai-Hong Kong Stock Connect Scheme**

The Fund may invest in China A shares through the Shanghai-Hong Kong Stock Connect Scheme (the “Connect Scheme”). The Connect Scheme is a securities trading and clearing links program developed by, amongst others, The Stock Exchange of Hong Kong Limited (“SEHK”), Shanghai Stock Exchange (“SSE”), Hong Kong Securities Clearing Company Limited (“HKSCC”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”), with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Connect Scheme enables Hong Kong and overseas investors to invest in selective China A shares listed on the SSE (“China Connect Securities”) through their Hong Kong brokers and a securities trading service company to be established by SEHK. For investment in China Connect Securities, the Connect Scheme provides the “Northbound Trading Link”. Under the Northbound Trading Link, investors can trade China Connect Securities listed on the SSE by placing orders to the SSE through their Hong Kong brokers and a securities trading service company established by SEHK, subject to the rules of the Connect Scheme.

China Connect Securities, as of the date of this Supplement include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in Renminbi (“RMB”); (ii) they are not included in the “risk alert board” (as described in the listing rules of the SSE) from time to time, or (iii) they are not otherwise disqualified by SSE from time to time as China Connect Securities due to special situations. The current rules for

the eligibility of shares as China Connect Securities are stated to apply to the “initial stage” of the Connect Scheme. In the future, the shares eligible as China Connect Securities may change.

Under the Connect Scheme, HKSCC, a wholly-owned subsidiary of Hong Kong Exchange and Clearing Limited (“HKEx”), will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The Fund shall be permitted to trade China Connect Securities listed on the SSE through the Northbound Trading Link of the Connect Scheme, subject to applicable rules and regulations issued from time to time.

In addition to those risk factors set out in relation to People's Republic of China (“PRC”) investment a number of the key risks of investing in China Connect Securities via the Connect Scheme are set out in the section entitled “Risk Factors - China Connect Risk Factors”.

#### **4. Financial Derivative Instruments and Techniques for Efficient Portfolio Management**

The Fund may utilise techniques and instruments for the purposes of efficient portfolio management and/or protection against exchange rate risks. Descriptions of the techniques and instruments that may be used for efficient portfolio management and/or to provide protection against exchange rate risks are set out below.

Currency hedging will be undertaken to reduce a Fund’s exposure to the fluctuations of the currencies in which the Fund's assets may be denominated against the Base Currency of the Fund or the denominated currency of a Class. Currency hedging may be delegated by the Company to the Passive Hedging Calculation Agent. In any event such hedging will not exceed 105% of the Net Asset Value of the Fund or attributable to the relevant Class, provided that the Fund or relevant hedged Class of the Fund is re-weighted on at least a monthly basis. In no event will over hedged positions be carried forward. If the Investment Advisor enters into such transactions for the purpose of hedging at Class level, then such transactions will each be solely attributable to the relevant Class and may not be combined or offset against the exposures of other Classes or specific assets. Such transactions will not result in the Class being leveraged.

The Company employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of financial derivative instruments for efficient portfolio management purposes and/or protection against exchange rate risks. Financial derivative instruments not included in the risk management process will not be utilised until such time as a revised risk management process has been submitted to and cleared by the Central Bank.

The Company will provide additional information to Shareholders on request on the risk management process employed by the Investment Advisor in respect of the Fund, including details of the quantitative limits applied and information risk and yield characteristics of the main categories of investments held on behalf of the Fund.

The financial derivatives which may be utilised by the Fund are forward currency contracts and listed currency futures for hedging purposes and warrants and Equity Participation Notes for investment purposes, as further detailed below:

#### *Forward Currency Contracts*

Forward currency contracts may be used to hedge some or all of the exchange risk/currency exposure arising as a result of the fluctuation between the currency in which the Net Asset Value per Share is computed and the currencies in which the Fund's investments are denominated. In addition, forward currency contracts may be used to protect the value of the currency of a class from the adverse movements of other currencies.

#### *Listed Currency Futures*

A futures contract is a financial contract to buy or sell a financial instrument at a predetermined date and price and may require the delivery of the underlying financial instrument or may be cash settled. A currency future is a futures contract on a currency, which may be either settled by physical delivery of the underlying currency or cash settled. Listed currency futures may be utilised by the Fund, from time to time, to hedge against a possible increase in the price of a currency in which securities the Fund anticipates purchasing is denominated.

#### *Warrants*

The Fund may purchase warrants to provide an efficient, liquid mechanism for taking position in securities without the need to purchase and hold the security.

#### *Equity Participation Notes*

OTC Equity Participation Notes and warrants may be utilised by the Fund to gain exposure to particular securities, markets or maturities in instances where it is not possible or not economic to do so through the underlying security or a futures contract. Such instruments will be structured to reflect the exposure and performance of individual equity or fixed income securities or the performance of either equity or fixed income indices.

Leverage arising as a result of the use of certain financial derivative instruments will be limited to 100% of the Net Asset Value of the Fund.

### **5. Share Classes**

Shares shall be issued to investors as Shares of a Class in the Fund. The Directors, in consultation with the Investment Advisor may, whether on the establishment of a Fund or from time to time, create more than one Class of Shares in a Fund to which different levels of subscription fees and expenses (including the management fee), minimum subscription, designated currency, distribution policy and such other features as the Directors and the Investment Advisor may determine may be applicable.

The Classes available in the Fund and their respective subscription fees and expenses (including the



management fee), minimum subscription, designated currency and other features shall be detailed in separate Class Information Cards available from the Company or Distributor.

Additional Classes may be established by the Directors and notified in advance to and cleared by the Central Bank.

**6. Issue of Shares:**

USD Class A, B, C and D Shares in the Fund will initially be available for offer from 9 am on 11<sup>th</sup> April, 2018 until 5pm on 11<sup>th</sup> May, 2018 at an initial price of USD 100 per Share. Thereafter, they will be available at the Net Asset Value per Share on the relevant Dealing Day.

The procedures to be followed in applying for Shares and details of applicable subscription fees are set out in the Prospectus under the heading "The Shares - Application for Shares".

Shares are issued at a price equal to the Net Asset Value per Share on the relevant Dealing Day on which the Shares are to be issued.

**7. Dealing Day and Dealing Deadline:**

The Dealing Day for the Fund shall be each Business Day. The Dealing Deadline in respect of subscriptions shall be 5.00pm (Irish Time) on the Business Day before the relevant Dealing Day and in respect of redemptions shall be 5.00pm (Irish Time) two Business Days before the relevant Dealing Day.

**8. Base Currency:**

The base currency of the Fund shall be USD.

**9. Hedged Classes**

As part of the investment strategy of the Fund various Classes in the Fund (the "Hedged Classes") will be hedged against exchange rate fluctuation risks between the denominated Class currency and the Base Currency of the Fund. Any financial instruments used to implement such strategies with respect to the Class shall be assets/liabilities of the Fund as a whole but will be attributable to the Hedged Classes and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the Hedged Classes and may not be combined or offset against the exposures of other Classes or specific assets. Such transactions will not result in the Class being leveraged.

The hedging strategy being implemented employs a currency overlay to hedge the NAV of the Hedged Classes. This hedging strategy is applied to funds with underlying assets in one or multiple currencies and is designed to reduce, but not eliminate, currency exposure between the base currency and the hedging currency. Subscriptions to the Hedged Classes will be converted into the base currency of the Fund at the spot rate. As part of the same contract, the resultant base currency

exposure is hedged at the forward foreign exchange (FX) rate. The hedging transaction is then rolled at least on a monthly basis, crystallising any gain or loss on the hedge.

Performance may be strongly influenced by movements in FX rates because currency positions held by the Fund may not correspond with the securities positions held. Where the Investment Advisor seeks to hedge against currency fluctuations at Class level, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. In any event such hedging will not exceed 105% of the Net Asset Value of the Class, provided that the hedged Class is re-weighted on at least a monthly basis and under-hedged positions shall not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged against currency risk and any under-hedged positions will be kept under review to ensure it is not carried forward from month to month. The gain or loss on the currency protection then forms part of the Hedged Classes daily NAV calculation. However, it remains effectively un-invested in underlying fund assets until the profit or loss is realised, which occurs when the hedge is rolled over.

Hedged positions will be kept under review to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above and are not carried forward from month to month. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

During the period of the hedge, the volatility in exchange rates and in underlying fund assets are monitored. In periods of high volatility, the forward FX transaction may be rolled earlier, hence crystallising any gain or loss and reinvesting it into the underlying fund more rapidly than would otherwise have been the case. This process seeks to mitigate but will not eliminate deviation in returns between the Hedged Classes and the base currency share class. In no event will over hedged positions be carried forward.

To the extent that hedging is successful for the Hedged Classes the performance of this Class is likely to move in line with the performance of the underlying assets with the result that investors in this Class will not gain if the Class currency falls against the Base Currency and/or the currency in which the assets of the Fund are denominated.

It is intended that the currency hedging strategy which will be employed will be based on the most up-to-date information in relation to the Net Asset Value of the Fund, and will also take into account those confirmed pending subscriptions and redemptions relating to shareholder activity that will be processed through each Share Class in the Fund as at the relevant Valuation Point. The currency hedging strategy will be monitored and adjusted in line with the valuation cycle at which investors are able to subscribe to and redeem from the Fund.

#### **10. Distribution Policy:**

The Directors are entitled to declare and pay dividends for Shares of any Fund in the Company. It is the Directors current intention to declare and pay a dividend to the Shareholders in the Fund. Shareholders may however decide to have this dividend re-invested in Shares upon request as set out below. The Directors will consider their policy each year and may decide in certain years not to declare or pay a dividend. In such circumstances they will notify the Shareholders of this intention and

update this Fund Information Card accordingly.

Dividends may be paid in relation to all Classes. Dividends may be paid out of the net income and net realised and unrealised gains (i.e. realised and unrealised capital gains net of all realised and unrealised losses) less accrued expenses of the Fund, subject to certain adjustments, attributable to the Shares. Annual dividends (if paid) shall normally be declared within 4 months of the Accounting Date, and shall be paid within 2 months of the date of declaration.

Holders of 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 Fund. In the absence of such Shareholder making the election as above, the Fund shall reinvest the dividend payment in the same Share class, 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 risk and expense of the holders of the Shares, and in the currency of the particular share class. If, however, a Shareholder requests their dividends be paid in another freely convertible currency, the necessary foreign exchange transaction may be arranged by the Administrator (at its discretion) on behalf of and for the account, risk and expense of the Shareholder, at the prevailing exchange rate.

All dividends unclaimed after a period of six years shall be forfeited and shall revert to the Fund.

#### **11. Fees:**

In addition to the fees and expenses of the Administrator, the Depositary, the Distributor, the Paying Agents and the general management and fund charges set out in the Prospectus under the heading "Fees and Expenses", certain Class specific fees are payable out of certain Classes as set out in the relevant Class Information Cards.

#### *Establishment Expenses*

The establishment expenses of the Fund are estimated to be up to USD 50,000 and will be amortised over the first five years of the Fund's operation.

#### **12. Additional Risk Factors**

In addition to the risk factors set out on pages 28-34 of the Prospectus investors should note the following;

#### **Investments in Developing Asian countries.**

The Fund will primarily invest, directly or indirectly, in securities which are listed on securities exchanges in the Asian Region. Such investments require consideration of certain risks typically not associated with investing in major international financial markets such as the United States. Such risks include, among other things, imposition of exchange control regulation by relevant governments, imposition of withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in other nations.

There may be limited publicly available information about the issuers of securities in certain countries in Asia, and such issuers may not be subject to accounting, auditing and financial reporting standards and requirements which prevail in major financial markets. Certain countries' securities markets, while growing in volume, have substantially less volume than established international markets, and many securities traded on such markets are less liquid and their prices more volatile than securities traded on major markets. In addition, settlement of trades may be much slower and more subject to failure than in major markets, which may result in delays which could cause the Fund to miss attractive investment opportunities. There may also be less extensive regulation of the securities markets in particular Asian countries than in major international markets. Rules regulating corporate governance in certain Asian countries are less developed and therefore may offer little protection to shareholders.

Additional costs are often incurred in connection with international investment activities. Brokerage commissions generally are higher in less established markets. Expenses also may be incurred on currency exchanges when the Fund changes investments from one country to another.

With respect to any country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries and/or the value of the Fund's investments in such countries. In addition, it may be difficult to obtain and enforce a judgment in a court in a less developed country.

The economic and political risks described above may also adversely impact the value of FDI and securities that are linked to the performance of markets in Asia.

### **Exchange Risk**

The Fund's Net Asset Value per share will be affected by the exchange rate fluctuation. Depending on the currency volatility, the value of the share class will go up and down, which may not guarantee an investor's principal amount.

### **Equity Participation Notes Risk**

Equity Participation Notes are designed to replicate the return of a particular underlying equity or debt security, currency or market. Equity Participation Notes involve the same risks associated with a direct investment in the underlying security, currency or market. In addition, Equity Participation Notes involve counterparty risk, because the Fund has no rights against the issuer(s) of the underlying security(ies) and must rely on the creditworthiness of the issuer of the Equity Participation Note.

### **Legal Risk**

The use of OTC derivatives, such as forward contracts, swap agreements and contracts for difference, will expose the Fund to the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

### **China Connect Risk Factors**

The China Connect scheme was set up with the aim of achieving mutual stock market access between mainland China and Hong Kong. The stock exchanges of the two jurisdictions continue to issue details of the program, e.g. operational rules, from time to time.

Investors should note that the application and interpretation of the laws and regulations of Hong Kong and the PRC and the rules, policies or guidelines applied to the China Connect scheme) (“China Connect Rules”) from time to time or any activities arising from the China Connect scheme are untested and there is uncertainty as to how they will be applied.

Trading through the China Connect scheme is also subject to a number of restrictions which may restrict or affect the Fund’s investments. In particular, it should be noted that the China Connect scheme is in its initial stages, and that further developments are likely which could restrict or affect the Fund’s investments.

#### *Home Market Rules*

A fundamental principle of trading securities through China Connect is that the laws and rules of the home market of the applicable securities shall apply to investors in such securities. In respect of China Connect Securities, Mainland China is the home market and thus investors in China Connect Securities should observe Mainland China securities regulations, SSE listing rules and other rules and regulations. If SSE rules or other PRC law requirements are breached, SSE has the power to carry out an investigation, and may, though SHEK exchange participants require such exchange participants to provide information about investors, which may include the Fund, and assist in investigations.

Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to the trading of China Connect Securities.

#### *Pre-trade Checking; No Short Selling*

As PRC laws prohibit any short selling of Chinese listed securities, the SSE checks that in respect of any sell orders given by an investor, the investor holds sufficient available China Connect Securities to be able to fulfil such sell order. It should be noted that such requirements affect investors who hold China Connect Securities through their account with brokers in Hong Kong through China Connect. This is because under the China Connect Rules, the SEHK is also required to check that in respect of any Northbound sell orders given by an exchange participant, the relevant exchange participant holds sufficient available China Connect Securities to be able to fulfil the order.

Pre-trade checking will be carried out at the start of each day on which SEHK is open for trading through the scheme (“Trading Day”). Accordingly, a broker through whom the Fund places a sell order may reject a sell order if the Fund does not have sufficient available China Connect Securities in its account by the applicable cut off time specified by that broker or if there has been a delay or failure in the transfer of the relevant China Connect Securities to any clearing account of the broker.

#### *Aggregate and Daily RMB Quotas*

Hong Kong and overseas investors will trade and settle SSE Securities in RMB only. Buy orders are subject to aggregate and daily RMB quotas that apply to the market in general. The aggregate quota

caps the absolute amount of funds inflow into the PRC under Northbound trading at a specified level ("Aggregate Quota"). The daily quota caps the net buy value of cross boundary trades under China Connect on each Trading Day ("Daily Quota"). The Aggregate Quota and/or the Daily Quota may change from time to time without prior notice. The SEHK and the SSE may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the Aggregate Quota or Daily Quota.

If Northbound trading is suspended as a result of a breach of the Aggregate Quota or the Daily Quota, brokers will be unable to carry out any buy orders and any instructions to buy that have been submitted but not yet executed may be rejected. In addition, it is possible for the SEHK to subsequently reject the order even after the broker has accepted it for execution in the event that the Aggregate Quota or Daily Quota has been exceeded. It is notable that under the SEHK rules, the Fund may sell its China Connect Securities regardless of whether there has been a breach of Aggregate Quota or Daily Quota.

#### *Suspension, Restriction and Cessation of Operation of China Connect*

SEHK (or any relevant subsidiary) may, under certain circumstances as specified in the SEHK rules, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as SEHK may consider appropriate. SEHK has absolute discretion to change the operational hours and arrangements of China Connect at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, SEHK (or any relevant subsidiary) may cease the provision of the China Connect Northbound trading service permanently.

#### *Suspension of Trading on A Shares and H Shares*

The SEHK rules state that where any H Shares with corresponding A Shares accepted as China Connect Securities are suspended from trading on SEHK but the China Connect Securities are not suspended from trading on the SSE, the service for routing the China Connect Securities sell orders and China Connect Securities buy orders for such China Connect Securities to the SSE for execution will normally remain available. However, SEHK may, in its discretion, restrict or suspend such service without prior notice and the relevant the Fund's ability to place sell orders and buy orders may be affected.

#### *No off-exchange trading and transfers*

Unless otherwise provided by the China Securities Regulatory Commission ("CSRC"), China Connect Securities may not be sold, purchased or otherwise transferred in any manner otherwise than through China Connect in accordance with the China Connect Rules. Accordingly, there may be a limited market and/or lower liquidity for China Connect Securities purchased through China Connect (as compared to the same shares purchased through other channels). In addition, any scrip entitlements received by the Fund in respect of China Connect Securities are not eligible for trading through China Connect. Accordingly, there is a risk of low or even no liquidity for such shares received by way of scrip entitlement.

### *Settlement and Custody*

The Hong Kong Securities Clearing Company Limited ("HKSCC"), also a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited ("HKEx"), will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The Chinese listed Shares traded through China Connect are issued in scripless form, so investors will not hold any physical China A-Shares. In the initial stage of the operation of China Connect, Hong Kong and overseas investors who have acquired SSE Securities through Northbound trading should maintain the SSE Securities with their brokers' or depositories' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK.

### *Trading restrictions*

A number of restrictions on day trading, market price orders and block trades apply to the scheme, and SEHK, on SSE's request, may require a SEHK exchange participant to reject orders from the Fund in certain circumstances such as the Fund exceeding its Daily Quota allocation or Aggregate Quota Allocation.

### **Taxes**

The Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

### *Ownership*

Hong Kong law recognises the proprietary interest of investors in shares held for them by their broker or depository in the Central Clearing and Settlement System. Such recognition should apply equally to China Connect Securities held for Hong Kong and overseas investors by the relevant clearing participant through HKSCC. In addition, in the PRC (where China Connect Securities are registered in a securities account opened with ChinaClear in the name of HKSCC), it is expressly stipulated in the "Several Provisions on the Pilot Program of Shanghai-Hong Kong Stock Connect" (as promulgated by CSRC to prescribe the launch and operation of the China Connect) that HKSCC acts as the nominee holder and Hong Kong and overseas investors own the rights and interests with respect to the China Connect Securities. Accordingly, the regulatory intention appears to be that Hong Kong and overseas investors (including the Fund) should also have proprietary rights over China Connect Securities under PRC laws, although this cannot be guaranteed.

However, as China Connect is a recent initiative there may be some uncertainty surrounding such arrangements. In addition, while Hong Kong and overseas investors (including the Fund) may have proprietary rights over China Connect Securities, they must act through HKSCC as nominee in order to enforce such rights in accordance with its rules.

In the event HKSCC is insolvent, the China Connect Securities should not form the bankruptcy estate of HKSCC. Insolvency proceedings will be governed by Hong Kong laws, and it is expected (but is not

entirely certain) that ChinaClear and PRC courts will recognise the power of the liquidator duly appointed under Hong Kong law in relation to the China Connect Securities.

#### *Liability*

HKEx, SEHK, SSE, their respective subsidiaries, directors, employees and agents will not have any legal liability for losses or damage resulting directly or indirectly from or in connection with investments in China Connect Securities.

#### *Foreign Ownership Limits*

Under PRC laws, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC listed company, and also a limit to the maximum combined holdings of all foreign investors in a single PRC listing company. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Northbound trading or other investment channels). The single foreign investor limit is currently set at 10% of the shares of a PRC listed company and the aggregate foreign investor limit is currently set at 30% of the shares of a PRC listed company. Such limits are subject to change from time to time.

If the foreign ownership limits are breached, SSE will notify SEHK and, on a last-in-first-out basis, SEHK will identify the relevant trades involved and require the relevant exchange participants to require the investors concerned (which could include the Fund) to sell the shares within the timeframe stipulated by SEHK. If the relevant investors fail to sell their shares, exchange participants are required to force-sell the shares for the relevant investors in accordance with the China Connect Rules.

#### *Capital Gains Tax*

Stocks in Mainland China are currently subject to a 10% capital gains tax. The Fund by investing through China Connect is expected to be exempt from such capital gains/withholding tax under current regulations in Mainland China but such exemption is subject to change by the authorities in Mainland China and the Fund may therefore be subject to withholding tax at any time in the future

#### *Coverage of Investor Compensation Fund*

The Fund's investments through Northbound trading under China Connect will not be covered by Hong Kong's Investor Compensation Fund.

### **General**

The investment policy of the Fund may result in the Net Asset Value of the Fund having a medium volatility.



### **13. Additional Investment Restrictions**

In addition to the Investment Restrictions set out at Appendix I to the Prospectus and notwithstanding Paragraph 3.1 of the Investment Restrictions, the Fund may not invest more than 10% of its net assets in aggregate in other collective investment schemes.

### **14. Material Contracts**

The following contracts which are or may be material have been entered into otherwise than in the ordinary course of business:

- (a) **Investment Advisory Agreement** dated 10<sup>th</sup> April, 2018 between the Company and the Investment Advisor pursuant to which the Investment Advisor was appointed as investment advisor of the Fund's assets subject to the overall supervision of the Directors. The Investment Advisory Agreement may be terminated by either party on six months written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Investment Advisor has the power to delegate its duties in accordance with the Central Bank's requirements. The Investment Advisory Agreement provides that the Company shall, out of the assets of the Fund, indemnify the Investment Manager and its delegates, agents and employees against and hold it harmless from any actions, proceedings, damages, claims, costs, demands and expenses including legal and professional expenses brought against or suffered or incurred by the Investment Manager in the performance of its duties other than due to the negligence, fraud, bad faith, recklessness or wilful default of the Investment Advisor in the performance of its obligations.

**Dated: 10<sup>th</sup> April, 2018**

**USD CLASS A INFORMATION CARD**  
**SPARX OneAsia All Cap Fund**

**This Information Card forms part of and should be read in conjunction with the Prospectus dated 13 December, 2016 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

This Information Card contains specific information in relation to the USD Class A of the SPARX OneAsia All Cap Fund, a sub fund of SPARX Funds plc (the "Company"), an open-ended umbrella investment company established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

<b>Fund</b>	<b>Class</b>	<b>Issue Price<sup>1</sup></b>	<b>Advisory<sup>2</sup> Fee</b>	<b>Performance Fee</b>	<b>Redemption<sup>3</sup> Fee</b>	<b>Minimum Subscription</b>	<b>Hedged/ Unhedged</b>
<b>SPARX OneAsia All Cap Fund</b>	<b>USD Class A</b>	USD 100	1.5%	No	Up to 3% on redemptions requested within 60 days of the relevant subscription by that Shareholder	100,000 USD	Unhedged

<sup>1</sup> The procedures to be followed in applying for Shares and details of applicable subscription fees are set out in the Prospectus under the heading "The Shares – Application for Shares".

<sup>2</sup> The annual investment advisory fee, accrued daily and payable monthly in arrears is calculated on that proportion of the Net Asset Value of the Fund attributable to the relevant Class. The fees and expenses of the Administrator, the Depositary, the Distributor and the Paying Agents and the general management and fund charges are set out in the Prospectus under the heading "Fees and Expenses".

<sup>3</sup> Subject to waiver by the Directors of the Company.

Dated: 10<sup>th</sup> April, 2018

**USD CLASS B INFORMATION CARD**  
**SPARX OneAsia All Cap Fund**

**This Information Card forms part of and should be read in conjunction with the Prospectus dated 13 December, 2016 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

This Class Information Card contains specific information in relation to the USD Class B of the SPARX OneAsia All Cap Fund, a sub fund of SPARX Funds plc (the "Company"), an open-ended umbrella investment company established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

<b>Fund</b>	<b>Class</b>	<b>Issue Price <sup>1</sup></b>	<b>Advisory<sup>2</sup> Fee</b>	<b>Performance Fee</b>	<b>Redemption<sup>3</sup> Fee</b>	<b>Minimum Subscription</b>	<b>Hedged/ Unhedged</b>
<b>SPARX OneAsia All Cap Fund</b>	<b>USD Class B</b>	USD 100	0.90%	No	Up to 3% on redemptions requested within 60 days of the relevant subscription by that Shareholder	1 million USD	Unhedged

<sup>1</sup> The procedures to be followed in applying for Shares and details of applicable subscription fees are set out in the Prospectus under the heading "The Shares – Application for Shares".

<sup>2</sup> The annual investment advisory fee, accrued daily and payable monthly in arrears is calculated on that proportion of the Net Asset Value of the Fund attributable to the relevant Class. The fees and expenses of the Administrator, the Depositary, the Distributor and the Paying Agents and the general management and fund charges are set out in the Prospectus under the heading "Fees and Expenses".

<sup>3</sup> Subject to waiver by the Directors of the Company.

Dated: 10<sup>th</sup> April, 2018

**USD Class C INFORMATION CARD**  
**SPARX OneAsia All Cap Fund**

**This Information Card forms part of and should be read in conjunction with the Prospectus dated 13 December, 2016 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

This Class Information Card contains specific information in relation to the USD Class C of the SPARX OneAsia All Cap Fund, a sub fund of SPARX Funds plc (the "Company"), an open-ended umbrella investment company established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

<b>Fund</b>	<b>Class</b>	<b>Issue Price <sup>1</sup></b>	<b>Advisory<sup>2</sup> Fee</b>	<b>Performance Fee</b>	<b>Redemption<sup>3</sup> Fee</b>	<b>Minimum Subscription</b>	<b>Hedged/ Unhedged</b>
<b>SPARX OneAsia All Cap Fund</b>	<b>USD Class C</b>	USD 100	0.60%	No	Up to 3% on redemptions requested within 60 days of the relevant subscription by that Shareholder	125 million USD	Unhedged

<sup>1</sup> The procedures to be followed in applying for Shares and details of applicable subscription fees are set out in the Prospectus under the heading "The Shares – Application for Shares".

<sup>2</sup> The annual investment advisory fee, accrued daily and payable monthly in arrears is calculated on that proportion of the Net Asset Value of the Fund attributable to the relevant Class. The fees and expenses of the Administrator, the Depositary, the Distributor and the Paying Agents and the general management and fund charges are set out in the Prospectus under the heading "Fees and Expenses".

<sup>3</sup> Subject to waiver by the Directors of the Company.

Dated: 10<sup>th</sup> April, 2018

**USD CLASS D INFORMATION CARD**  
**SPARX OneAsia All Cap Fund**

**This Information Card forms part of and should be read in conjunction with the Prospectus dated 13 December, 2016 for the Company and which is available from the Administrator at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland.**

This Class Information Card contains specific information in relation to the USD Class D of the SPARX OneAsia All Cap Fund, a sub fund of SPARX Funds plc (the "Company"), an open-ended umbrella investment company established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

<b>Fund</b>	<b>Class</b>	<b>Issue Price <sup>1</sup></b>	<b>Advisory<sup>2</sup> Fee</b>	<b>Performance Fee</b>	<b>Redemption<sup>3</sup> Fee</b>	<b>Minimum Subscription</b>	<b>Hedged/ Unhedged</b>
<b>SPARX OneAsia All Cap Fund</b>	<b>USD Class D</b>	USD 100	0.75%	No	Up to 3% on redemptions requested within 60 days of the relevant subscription by that Shareholder	30 million USD	Unhedged

<sup>1</sup> The procedures to be followed in applying for Shares and details of applicable subscription fees are set out in the Prospectus under the heading "The Shares – Application for Shares".

<sup>2</sup> The annual investment advisory fee, accrued daily and payable monthly in arrears is calculated on that proportion of the Net Asset Value of the Fund attributable to the relevant Class. The fees and expenses of the Administrator, the Depositary, the Distributor and the Paying Agents and the general management and fund charges are set out in the Prospectus under the heading "Fees and Expenses".

<sup>3</sup> Subject to waiver by the Directors of the Company.

Dated: 10<sup>th</sup> April, 2018