

**CMS Funds
(the “Fund”)**

**CMS China Opportunities Flexifund
CMS Hong Kong Multi Income Fund
(the “Sub-Funds”)**

NOTICE TO UNITHOLDERS

This notice is important and requires your immediate attention. It contains information regarding changes to the Explanatory Memorandum of the Fund dated June 2014 in respect of the Sub-Fund (the “Explanatory Memorandum”). If you are in any doubt about the content of this notice, you should seek independent professional financial advice.

All capitalized terms herein contained shall have the same meaning in this notice as in the Explanatory Memorandum. CMS Asset Management (HK) Co., Limited, the manager of the Fund (the “Manager”), accepts full responsibility for the accuracy of the information contained in this notice at the date of publication and confirms, having made all reasonable enquiries that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Dear Unitholders

Publication of prices and enhancement of PRC tax disclosure

We are writing to inform you of the following updates of the Sub-Funds:

(i) Publication of prices

Currently, it is disclosed in the Explanatory Memorandum that the Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published at least once a month. With effect from 4 May 2015, the disclosure in the Explanatory Memorandum has been amended to reflect that the Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published on every Dealing Day.

(ii) PRC taxation and PRC tax provisions in respect of the CMS China Opportunities Flexifund

In light of the issuance of the “Notice on the temporary exemption of Enterprise Income Tax on gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by Qualified Foreign Institutional Investor and Renminbi Qualified Foreign Institutional Investor (“RQFII”)” (Circular Caishui [2014] No. 79), the Manager has decided to amend the CMS China Opportunities Flexifund’s policy on PRC tax provisions which will take effect immediately.

Prior to 17 November 2014, the Manager has made provisions for any PRC taxes payable by the Sub-Fund on the gross realised gains derived from the disposal of PRC Securities, at a rate of 10%.

Starting from 17 November 2014, the Sub-Fund is temporarily exempt from withholding income tax on gains derived from investments in China A-Shares. Accordingly, no provision on withholding income tax will be made on the gross realized and unrealized gains derived from investments in China A-Shares through the RQFII scheme. Based on independent tax advice, the Manager will make provisions for any PRC taxes payable by the Sub-Fund on (i) the gross realised gains derived from the disposal of PRC debt securities, (ii) interest from PRC debt securities, and (iii) dividends derived from PRC equity securities, at a rate of 10% (or as otherwise advised by the Sub-Fund’s tax adviser), if the relevant withholding income tax is not withheld at source.

Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. On the other hand, where the amount of such provisions is not sufficient to meet the actual tax liabilities, any shortfall will be debited from the Sub-Fund's assets. The Sub-Fund's asset value will be adversely affected.

The Explanatory Memorandum will be amended to reflect the foregoing changes by way of an addendum which will be available in due course. Should you wish to obtain a copy of the latest Explanatory Memorandum, please visit http://www.cmsamhk.com/en/products_funds.

Should you have any questions about the change described above, please contact us at 48/F One Exchange Square, Central, Hong Kong or by telephone at +852 2530 0698.

Yours faithfully,

CMS Asset Management (HK) Co., Limited

4 May 2015