CMS Funds
(the “Fund”)

CMS China Opportunities Flexifund
CMS Hong Kong Multi Income Fund
CMS Money Market Fund
CMS USD Money Market Fund

(the “Sub-Funds”)

Sixth Addendum

This Sixth Addendum should be read in conjunction with and forms part of the explanatory memorandum of the Fund dated February 2021, as amended by the First Addendum dated 11th June 2021, the Second Addendum dated 6th August 2021, the Third Addendum dated 29th April 2022, the Fourth Addendum dated 14th November 2022, and the Fifth addendum dated 21 June 2024 (the “Explanatory Memorandum”)

Important – If you are in any doubt about the contents of this Sixth Addendum, you should seek independent professional financial advice.

Unless otherwise defined or stated in this Sixth Addendum, all capitalized terms herein contained shall have the same meaning 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 Sixth Addendum and the Explanatory Memorandum as 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 in this Sixth Addendum and the Explanatory Memorandum misleading.

The Securities and Futures Commission of Hong Kong ("**SFC**") takes no responsibility for the accuracy of any of the statements made or opinions expressed in this Sixth Addendum.

SFC authorisation is not a recommendation or endorsement of the Fund or any Sub-Fund nor does it guarantee the commercial merits of the Fund or any Sub-Fund or any of their performance. It does not mean the Fund or any Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

With immediate effect, the Explanatory Memorandum shall be amended as follows:

1. Establishment of CMS USD Money Market Fund

The following amendments shall be made for the establishment of CMS USD Money Market Fund, a new Sub-Fund of CMS Funds:

(a) the 2nd paragraph under the section headed "**Introduction**" on page 9 of the Explanatory Memorandum should be amended and restated as follows:

"CMS Funds is an umbrella unit trust currently offering 4 Sub-Funds, CMS China Opportunities Flexifund, CMS Hong Kong Multi Income Fund, CMS Money Market Fund and CMS USD Money Market Fund. The Manager may create further Sub-Funds in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Funds."

(b) The following should be added as a new appendix after "**Appendix III - CMS Money Market Fund** ":

"Appendix IV - CMS USD Money Market Fund

This Appendix comprises information in relation to CMS USD Money Market Fund, a Sub-Fund of the Fund.

Initial Offer

The initial offer period for offering Units of CMS USD Money Market Fund will be from 9:00 a.m. (Hong Kong time) on ~~2~~ 8 August 2024 to 5:00 p.m. (Hong Kong time) on 8 August 2024 (or such other dates as the Manager and the Trustee may determine).

The following classes of Units set out in the table below are initially being offered at the respective initial offer prices during the initial offer period. Class A Units are offered to retail public in Hong Kong. Class B Units are offered to selected distributor(s) as determined by the Manager from time to time. Class I Units are offered to institutional investors and selected investors as determined by the Manager while Class M Units are offered to affiliated companies and employees of the Manager subject to the Manager's discretion.

Class	Initial offer price per Unit (exclusive of preliminary charge)
Class A Units	USD100
Class B Units	USD100
Class I Units	USD100
Class M Units	USD100

The Manager is currently entitled to charge a preliminary charge of 3% of the total subscription amount received (before deducting the preliminary charge) in relation to an application in respect of Class A, Class B, Class I and Class M Units, subject to the maximum level of preliminary charge which the Manager is entitled to charge at its discretion (i.e. 5% on the subscription amount as stated under the section headed "Application Procedure" in the main part of the Explanatory Memorandum).

Units will be issued on 9 August 2024 or the first Business Day following the last day of the initial offer period (or such other day as the Manager and the Trustee may agree and notify to the applicants for Units in the Sub-Fund) in respect of applications received prior to 5:00 p.m. (Hong Kong time) on the last day of the initial offer period and accepted by the Manager. Payment for Units subscribed during the initial offer period shall be due in cleared funds prior to the close of the relevant initial offer period or such later date as the Manager with the approval of the Trustee may determine. If application and/or cleared funds are received after that time, such applications shall be carried forward to the next Dealing Day.

Base Currency

The base currency of the Sub-Fund is USD.

Investment Objective and Policy

CMS USD Money Market Fund seeks to achieve a return in US dollars in line with US Dollars money market rates, with primary considerations of both capital security and liquidity.

Investment Strategy

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in USD denominated short-term deposits and high-quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions or other corporations. The asset allocation of the Sub-Fund will change according to the Manager’s view of market conditions and the international investment trends and environment.

High-quality money market instruments include but are not limited to government bills, short term notes, bankers’ acceptance, commercial papers, certificates of deposits, commercial bills and high-quality debt securities. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments will be taken into account.

The Sub-Fund may invest up to 20% of its net asset value in high quality debt securities, including but not limited to government bonds, fixed rate bonds and floating rate bonds.

The Sub-Fund will only invest in money market instruments and debt securities rated investment grade or above. A money market instrument or debt security is considered to be of investment grade if (i) any one of its credit rating by Fitch, Moody’s or Standard and Poor’s can satisfy any one the following rating requirements at the time of investment: (a) BBB- or higher by Standard & Poor’s, (b) BBB- or higher by Fitch, or (c) Baa3 or higher by Moody’s; or, in the absence of an international credit rating, (ii) rated AAA grade or above by a credit rating agency in Mainland China. In the event of split rating among Fitch, Moody’s or Standard and Poor, the lowest credit rating issued to the money market instruments or debt securities will be deemed as the reference credit rating. For this purpose, if the relevant debt security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of such debt security. If the relevant debt security and the issuer of such debt security do not have credit ratings, the Sub-Fund may still invest in such instrument provided that the guarantor of the debt security satisfies the credit rating requirements set out above. While these credit ratings provided by the relevant rating agencies serve as a point of reference, the Manager will conduct its own assessment on the credit quality based on various factors (including the issuer’s (if applicable) financial leverage, interest coverage and operating cash flows, liquidity position, industry outlook, competitive position and corporate governance). Where the credit ratings of the relevant debt securities are downgraded to ratings below the thresholds set out above, the Manager will, having regard to the interests of the Unitholders, seek to dispose of all such downgraded debt securities in a gradual and orderly manner in light of the then prevailing market conditions.

The aggregate value of the Sub-Fund’s holding in non-USD denominated investments will not exceed 30% of the total Net Asset Value of the Sub-Fund.

The Sub-Fund may invest in asset backed securities but the aggregate value of the Sub-Fund’s holding in asset-backed securities will not exceed 15% of the total Net Asset Value of the Sub-Fund.

The Sub-Fund may also invest not more than 10% of its NAV into money market funds that are authorised by the SFC or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund will not invest in convertible bonds and will not invest in instruments with loss-absorption features (i.e. instruments that may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

There is no specific geographical allocation of the country of issue of the Sub-Fund's investments.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities (as defined in the Code), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

The Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

Financial Derivative Instruments ("FDI")

The Sub-Fund may invest in FDI for hedging purposes only but not for investment purposes.

Sale and Repurchase Transactions

The Sub-Fund may enter into sale and repurchase transactions only on a temporary basis mainly for the purpose of meeting redemption requests or defraying operating expenses. The maximum proportion and expected proportion of the NAV of the Sub-Fund that can be subject to sale and repurchase transactions, when aggregated with the Sub-Fund's borrowing, are 10% and 10% respectively.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided in a sale and repurchase transaction, where cash obtained will not be re-invested. The Sub-fund will not receive any non-cash collateral.

The Sub-Fund may enter into reverse-repurchase transactions. The aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the net asset value of the Sub-Fund.

Unless otherwise specified above, the Manager has no intention to enter into securities lending transactions or similar over-the-counter ("**OTC**") transactions on behalf of the Sub-Fund. The Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve or allow) engage in securities lending transactions or similar OTC transactions on behalf of the Sub-Fund.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund:

General investment risk – the Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore Unitholders' investment in the Sub-Fund may suffer losses. The Sub-Fund does not have a constant Net Asset Value and does not guarantee the repayment of investment principal. The Manager has no obligation to redeem Units at the offer value. Further, there is no guarantee that the investment objective of the Sub-Fund can be achieved. There is also no guarantee of regular dividend or distribution payments during the period investors hold Units of the Sub-Fund.

The Sub-Fund is an investment fund. Investors should note that purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Please also refer to the risk factor headed "**Investment risk**" in the main part of the Explanatory Memorandum.

Risks relating to money market instruments/ debt securities

Short-term instruments risk – As the Sub-Fund invests significantly in short-term instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

Credit / counterparty risk – The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments and debt securities that it invests in. Such debt securities are typically unsecured debt obligations and are not supported by collateral. It will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/default risk of its counterparties as an unsecured creditor.

The Sub-Fund is exposed to the risk that a counterparty in a transaction may default in its obligation to settle the transaction, or may be unable or unwilling to make timely payments on principal and/or interest. Where its counterparty does not perform its obligations under a transaction, the Sub-Fund may sustain substantial losses. The

Sub-Fund may also encounter difficulties or delays in enforcing its rights against issuers incorporated outside Hong Kong and subject to foreign laws.

Please also refer to the risk factor headed "**Credit risk**" in the main part of the Explanatory Memorandum.

Interest rate risk – Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Changes in monetary policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities, and thus the return of the Sub-Fund.

Please also refer to the risk factor headed "**Interest rates risk**" in the main part of the Explanatory Memorandum.

Credit rating risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the debt security and/or issuer at all times. Investors should note that even if a security may be assigned a certain credit rating at the time the Sub-Fund acquires the debt security, there is no assurance that (a) it will not be downgraded or (b) it will continue to be rated in future. The credit rating of a debt security is not the only selection criterion used by the Manager. Whilst the Manager may use credit ratings for reference in its investment process, it will primarily refer to its internal assessments to evaluate the credit quality of debt securities, for example, when it believes that the credit rating given by credit rating agencies does not adequately reflect the credit risks.

Downgrading risk – The credit rating of a debt security or its issuer may be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt securities that are being downgraded. If the Sub-Fund continues to hold the relevant debt securities, it will be subject to additional risk of loss.

Please also refer to the risk factor headed "**Credit rating and downgrading risk**" in the main part of the Explanatory Memorandum.

Valuation risk **–** Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

The value of debt securities may be affected by changing market conditions or other significant market events affecting valuation. In adverse market conditions or where an adverse event happens to the issuer (e.g. credit rating downgrading), the value of lower rated debt securities may decline in value due to investors' perception over credit quality.

Volatility and liquidity risk – The debt securities in some of the markets that the Sub-Fund invests in (e.g. mainland China as an emerging market) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of debt securities traded in such markets may be subject to fluctuations. The price at which the debt securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. The bid and offer spreads of the prices of such debt securities may be large and the Sub-Fund may incur significant trading costs.

There may not be an active secondary market for the debt securities the Sub-Fund invests in. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. Even if the debt securities are listed, the market for such debt securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Sub-Fund may need to hold the debt securities until their maturity date.

There is a risk that if the Sub-Fund is required to meet sizeable redemption requests, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and it may incur significant trading and realisation costs and suffer losses accordingly.

Please also refer to the risk factors headed "**Volatility risk**" and "**Liquidity risk**" in the main part of the Explanatory Memorandum. For details in relation to the Fund's liquidity risk management process, please refer to the section headed "**Liquidity Risk Management**" in the main part of the Explanatory Memorandum.

Sovereign debt risk – The Sub-Fund's investment in debt securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Risks associated with asset backed securities – The Sub-Fund invests in asset backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risks compared to other debt securities. They are often exposed to extension and prepayment risks, and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Credit rating agency risk – The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Risks associated with bank deposits – Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

***Currency risks* –** Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Please also refer to the risk factor headed "**Currency risk**" in the main part of the Explanatory Memorandum.

Concentration risk – The Sub-Fund's investments are concentrated in USD denominated deposits and money market instruments. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

Please also refer to the risk factor headed "**Concentration risk**" in the main part of the Explanatory Memorandum.

Risks relating to sale and repurchase transactions – In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer losses as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Risks relating to reverse repurchase transactions – In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer losses as there may be delays in recovering cash placed out or difficulties in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty owing to inaccurate pricing of the collateral or market movements.

Eurozone risk - In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Sub-Fund.

Derivative instruments / hedging risk

Risks associated with investment in FDI – FDI may be illiquid and are complex in nature. Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

Hedging risk – Insofar as the Sub-Fund acquires derivative instruments for hedging, it will be subject to additional risks. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund.

Please also refer to the relevant risk factors "**Counterparty risk**", "**Over-the counter markets risk**" and "**Hedging risk**" in the main part of the Explanatory Memorandum.

Available Classes

The following classes of Units are available for sale in Hong Kong at their prevailing Issue Prices pursuant to the section headed “Purchase of Units” above.

Class	Class currency
Class A Units	USD
Class B Units	USD
Class I Units	USD
Class M Units	USD

Investment Minima

Minimum Subscription Amount	Class A: USD1 Class B: USD1,000 Class I: USD100,000 Class M: USD100
Minimum Subsequent Subscription Amount	Class A: USD1 Class B: USD1,000 Class I: USD10,000 Class M: USD100
Minimum Holding	Class A: Units with aggregate minimum value of USD1 Class B: Units with aggregate minimum value of USD1,000 Class I: Units with aggregate minimum value of USD10,000 Class M: Units with aggregate minimum value of USD100
Minimum Redemption Amount	Class A: Units with aggregate minimum value of USD1 Class B: Units with aggregate minimum value of USD1,000 Class I: Units with aggregate minimum value of USD10,000 Class M: Units with aggregate minimum value of USD100

Fees

Fees payable by investors

Preliminary Charge (% of the subscription amount)	Class A: up to 3% of the subscription amount Class B: up to 3% of the subscription amount Class I: up to 3% of the subscription amount Class M: up to 3% of the subscription amount
Redemption Charge (% of Redemption Price)	Class A: Nil Class B: Nil Class I: Nil Class M: Nil
Switching Charge	Class A: up to 0.5% Class B: up to 0.5% Class I: up to 0.5% Class M: up to 0.5%

Fees payable by the Sub-Fund

Management Fee (% Net Asset Value of the relevant class)	Class A: 0.5*% Class B: 0.2*% Class I: 0.1*% Class M: 0*% *subject to the maximum level of management fee which the Manager may charge up to by giving unitholders at least one month's prior notice (i.e. 2% per annum as stated under the section

	headed "Management Fee" in the main part of the Explanatory Memorandum)
Performance Fee	Class A: Nil Class B: Nil Class I: Nil Class M: Nil
Trustee Fee (% Net Asset Value of the relevant class)	Class A, Class B, Class I and Class M: Up to 0.075**% of the value of each class **subject to a minimum monthly fee of USD5,000for the Sub-Fund and the maximum level of trustee fee which the Trustee may charge up to upon giving unitholders at least one month's prior notice (i.e. 0.5% per annum as stated under the section headed "Trustee Fee" in the main part of the Explanatory Memorandum)
Custody Fees (% Net Asset Value of the Sub- Fund)	Class A, Class B, Class I and Class M: Up to 0.03%

Establishment Costs

Notwithstanding the disclosure under the "Establishment Costs" section in the main part of the Explanatory Memorandum, the establishment costs and payments incurred in the establishment of CMS USD Money Market Fund, saved to the extent voluntarily paid by the Manager, are to be borne by the Sub-Fund as an expense of the Sub-Fund, amortised over the first five (5) Accounting Periods of the Sub-Fund. The total establishment costs of the Sub-Fund to be borne by the Sub-Fund are estimated to be around USD58,000.

Dealing Day

Dealings in Units of the Sub-Fund will be on a daily basis, with the Dealing Day being each Business Day.

Dealing Deadline

11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time or other Business Day as the Manager may determine from time to time with the approval of the Trustee. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned on the arrangements and dealing procedures that are applicable to them.

Subscription, Redemption and Switching of Units

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. There is no guarantee that the Sub-Fund will make any regular dividend distribution nor is there any guarantee on the amount of dividend being distributed from time to time.

Valuation

Valuation Days will be each Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day, or such other time as the Manager and the Trustee may determine from time to time. The Net Asset Value per Unit of the Sub-Fund at each Valuation Day will be available on the Manager's website at https://am.cmschina.com.hk/en/fund_products_select.php. This website has not been reviewed or authorised by the SFC.

Documents Available for Inspection

Please refer to the section headed "**Documents Available for Inspection**" in the main part of the Explanatory Memorandum."

2. Amendment of CMS Hong Kong Multi Income Fund's Investment Strategy with respect to derivatives

The following amendments shall be made to the investment strategy of CMS Hong Kong Multi Income Fund to remove the sub-fund's flexibility to invest in derivatives:

(a) The 10th paragraph under the section headed "**Investment Objective and Policy**" of "**APPENDIX II – CMS Hong Kong Multi Income Fund**" on page 102 of the Explanatory Memorandum should be amended as follows:

"The Sub-Fund will not invest in financial derivative instruments<u>, whether for hedging or</u> for non-hedging purposes."

(b) The 1st paragraph under the section headed "**Use of Derivatives**" of "**APPENDIX II – CMS Hong Kong Multi Income Fund**" on page 105 of the Explanatory Memorandum should be amended as follows:

"The Sub-Fund will not invest in financial derivative instruments for hedging or non-hedging purposes. The Sub-Fund's net derivative exposure would be at 0% ~~may be up to 50%~~ of the Sub-Fund's latest available Net Asset Value.

3. Policies relating to Securities Financing Transactions and Collateral Valuation and Management

The following two schedules should be added as new schedules after **"SCHEDULE 1 - INVESTMENT AND BORROWING RESTRICTIONS**":

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SCHEDULE 2 – SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS

The summary of policy of securities financing transactions set out in this Schedule 2 is only applicable to a Sub-Fund which may engage in securities financing transactions.

Securities financing transactions may only be effected in accordance with normal market practice and provided that they are in the best interest of Unitholders of the relevant Sub-Fund to do so and the associated risks have been properly mitigated and addressed.

Securities financing transactions

Under a securities lending transaction, a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee subject to a commitment from that counterparty that it will return equivalent securities on a specified future date or when requested to do so by the relevant Sub-Fund. A Sub-Fund is expected to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial rights.

Under a sale and repurchase transaction, a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions subject to an agreement to repurchase the securities at an agreed price with a financing cost on a specified future date. Where a Sub-Fund enters into a sale and repurchase transaction under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Under a reverse repurchase transaction, a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

A Sub-Fund must have the right to terminate the securities financing transactions at any time and demand the return of all of the securities loaned or the full amount of cash (as the case may be).

Revenues and expenses

All revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the relevant Sub-Fund. Such direct and indirect expenses shall include fees and expenses payable to securities lending agents engaged for the relevant Sub-Fund from time to time. Such fees and expenses of any securities lending agents engaged for the relevant Sub-Fund, will be at normal commercial rates and will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged.

Information on the revenues generated under such transactions shall be disclosed in the annual and interim financial reports of the relevant Sub-Fund, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager, the Investment Delegate or any other their connected persons.

Eligible counterparties

Please refer to Schedule 3 for further details.

Collateral

A Sub-Fund must have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

Please refer to Schedule 3 for further details.

Maximum and expected level of securities financing transactions

The maximum and expected level of a Sub-Fund's assets available for securities financing transactions are set out in the Appendix of the relevant Sub-Fund.

Types of assets that may be subject to securities financing transactions

The types of assets that may be subject to securities financing transactions include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to a Sub-Fund's investment objective and policy.

Connected person(s) arrangement

The Manager currently does not intend to carry out any securities financing transactions with or through a connected person of the Manager or the Trustee. Details (such as information on income, direct and indirect costs, fees, entities to which such costs and fees are paid and the relationship of the entities with the Manager or the Trustee (if any)) of the securities financing transactions will be disclosed in the relevant Sub-Fund's annual reports.

Safekeeping arrangement

Assets received

Assets (including any collateral) received by a Sub-Fund under a title-transfer arrangement should be held by the Trustee or a Correspondent.

Assets provided

Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be held by the Trustee or a Correspondent (which may include the counterparty to the relevant securities financing transaction). Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Trustee or a Correspondent and such counterparty may use the assets at its absolute discretion.

SCHEDULE 3 – COLLATERAL VALUATION AND MANAGEMENT POLICY

The Manager employs a collateral management policy in relation to collateral received in respect of securities financing transactions and OTC financial derivative transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to a securities financing transaction or OTC derivative transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Schedule 1.

Nature and quality of the collateral

A Sub-Fund may receive both cash and non-cash collateral from a counterparty, subject to the relevant disclosures in the Appendix. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

Criteria for selecting counterparties

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing transactions and OTC derivative transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties of OTC derivative transactions will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

Each counterparty will be an independent counterparty approved by the Manager and is expected to have a minimum credit rating of A- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies), or be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority when entering into such transactions.

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to-market basis.

Enforceability of collateral

Collateral must be readily accessible/enforceable by the Sub-Fund without further recourse to the counterparty and will not be available for secondary recourse.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut arrangement policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in in Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

A Sub-Fund shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Schedule 1 and such disclosures in the relevant Appendix, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Up to 100% of the cash collateral received by a Sub-Fund may be reinvested, subject to the disclosures in the relevant Appendix.

Safe-keeping of collateral

Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis (whether in respect of a securities financing transaction or an OTC derivative transaction) should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings of each Sub-Fund will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent."

4. Change of Directors of the Manager

The following amendments shall be made to reflect Mr. Zhang Lixin and Mr. Lu Gonglu's resignation from the directorship of the Manager with effect from 30 April 2024 and 10 July 2023 respectively. Mr. Shen Yun has been appointed as a director of the Manager with effect from 15 November 2023:

(i) The sub-section headed "Directors of the Manager" under the section headed "**ADMINISTRATION**" on page 1 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:-

"**Directors of the Manager**

SHEN Yun
ZHOU Geng

(ii) The biographies of Mr. Zhang Lixin and Mr. Lu Gonglu under the sub-section headed "The Manager" of the section headed "**MANAGEMENT OF THE FUND**" on page 9 of the Explanatory Memorandum shall be deleted and the following biography of Mr. Shen Yun shall be added.

"Mr. Shen Yun

Mr. Shen Yun joined China Merchants Securities International Company Limited in October 2023 and was appointed as Chief Executive Officer. He has extensive business experience and forward-looking international vision.

Mr. Shen Yun joined China Merchants Securities in August 1995. He successively worked as the head of Securities Office on Shanghai Songhuajiang Road, head of Securities Office on Shanghai Xiangyin Road, head of Securities Office on Shanghai Century Avenue of China Merchants Securities. He also took charge of the establishment of China Merchants Securities' brokerage services company in Shanghai. From 2010 to 2023, he was the general manager of China Merchants Securities Co., LTD Shanghai Branch."

5. Increase of Management Fee for Class A Units of CMS Money Market Fund

(i) With effect from 9 August 2024, The table headed "Fees payable by the Sub-Fund" in the section headed "**Fees**" under "**APPENDIX III – CMS Money Market Fund**" of the Explanatory Memorandum shall be amended based on the following change to reflect an increase in Management Fee for Class A Units issued under CMS Money Market Fund.

Fees payable by the Sub-Fund

Management Fee (% Net Asset Value of the relevant class)	Class A: 0.~~3~~5*% Class B: 0.15*% Class I: 0.05*% *subject to the maximum level of management fee which the Manager may charge up to by giving unitholders at least one month's prior notice (i.e. 2% per annum as stated under the section

headed “Management Fee” in the main part of the Explanatory Memorandum)

A copy of the Explanatory Memorandum and this Sixth Addendum will be posted on the Manager’s website (http://www.cmschina.com.hk/AM/FundProduct). Investors should note that the Manager’s website has not been reviewed or authorised by the SFC and may contain information of funds not authorised by the SFC.

CMS Asset Management (HK) Co., Limited

Date: 8~~2~~ August 2024