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Statement of Purpose

The objective of the Morningstar Fund Awards is to recognize those funds and fund groups that have added the most value within the context of a relevant peer group for investors over the past year and over the longer-term.

The awards are annual, so we believe it is appropriate to consider a fund’s one-year performance. However, we do not believe that it serves investors well to give awards to funds that have posted a strong one-year return but have otherwise not delivered good results for investors.

The awards methodology therefore includes the one-year period, and funds must also have delivered strong two- and three-year returns after adjusting for risk within the awards peer groups in order to obtain an award. We believe this will ensure that the awards are given to funds which have earned strong one-year results and have also shown they have the ability to earn strong longer-term return without undue risk.
**Eligible Universe**

Awards will be determined for each individual national fund market.

Only funds that are recorded in the Morningstar database as available for sale in a given market will be eligible to receive an award in that market.

In order to ensure Morningstar analysts can carry out effective quantitative and qualitative checks for potential winners, only China-domiciled open-end funds that have at least three-years track record are eligible for an award. The fund categories with less than 10 funds are excluded from the universe.
Morningstar Category Awards Methodology

Categories Eligible for Awards

► Aggressive Allocation Fund (for funds in China Fund Aggressive Allocation – Large Growth, China Fund Aggressive Allocation – Large Blend, and China Fund Aggressive Allocation - Small/Mid-Cap categories)

► Hybrid Fund (for funds in China Fund Moderate Allocation and China Fund Conservative Allocation categories)

► Aggressive Bond Fund (for funds in China Fund Aggressive Bond category)

► Normal Bond Fund (for funds in China Fund Normal Bond category)

► Pure Bond Fund (for funds in China Fund Corporate Bond and China Fund Pure Bond categories)
Quantitative Screen

Each fund in a relevant grouping will be subject to a quantitative screen as follows:

1. Annual return ranks in the first quartile among category peers (excluding index fund). Fixed Income fund is not constrained by this filter.

2. Superior Morningstar Risk Adjusted Returns (MRAR) compared to its peers. The effective weight of each calculation period is as follows:

<table>
<thead>
<tr>
<th>Calculation Period</th>
<th>Weighted Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>20%</td>
</tr>
<tr>
<td>2 Years</td>
<td>30%</td>
</tr>
<tr>
<td>3 Years</td>
<td>50%</td>
</tr>
</tbody>
</table>

Qualitative Review

Based on the above criteria, funds selected from each Morningstar Awards Category will be reviewed by Morningstar’s qualitative research analysts in that market.

The analysts will complete the following checks:

3. Funds with less stable management team will be excluded. If the fund is a single manager fund, its portfolio manager should be at the helm for more than one year; a fund managed by a team approach should have at least one portfolio manager managing the fund for more than one year.

4. Any fund that is deemed to have more than 50% exposure in index-investing will be removed from the consideration. Morningstar Fund Awards only evaluates actively managed funds.

5. Volatility (as measured by standard deviation) and Morningstar Risk Coefficient (measurement of a fund’s downside risk) are considered.
Award Selection

Upon the completion of this review, the fund that demonstrates quantitative and qualitative merits in each eligible Morningstar Category thereof will receive the award for that Morningstar Category.