

TARGET ASIA FUND (LUXEMBOURG)

An Investment Company with Variable Capital

Audited Annual Report as at December 31, 2016

R.C.S. Luxembourg B 85 256

No subscription may be accepted on the basis of the Annual Report including the audited financial statements. Subscriptions are accepted only on the basis of the current Prospectus and the Key Investor Information Document, the latest annual report or the latest semi-annual report if published thereafter.

The Shares referred to in the Prospectus of the Fund (the "Prospectus") are offered solely on the basis of the information contained in the Prospectus and in the reports referred to in the Prospectus. No person is authorized to give any information or to make any representations other than those contained in the Prospectus, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in the Prospectus shall be solely at the risk of the purchaser.

The Shares have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and the Fund has not been registered under the United States Investment Company Act of 1940, as amended. The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to U.S. Persons (as defined in Regulation S under the Securities Act) except to certain qualified U.S. institutions in reliance on certain exemptions from the registration requirements of the Securities Act. Neither the Shares nor any interest therein may be beneficially owned by any other U.S. Person. TARGET ASIA FUND (LUXEMBOURG) may redeem Shares held by a U.S. Person or refuse to register any transfer to a U.S. Person as it deems appropriate to assure compliance with the Securities Act. See Heading "PROCEDURE FOR SUBSCRIPTION AND REDEMPTION" in the Prospectus.

THIS ANNUAL REPORT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT LAWFUL OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

TARGET ASIA FUND (LUXEMBOURG)

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TARGET ASIA FUND (LUXEMBOURG)

Organisation of the SICAV

Registered Office	7A, rue Robert Stümper, L-2557 Luxembourg <i>(until June 10, 2016)</i> 4, rue Jean Monnet, L-2180 Luxembourg <i>(since June 11, 2016)</i>
Board of Directors of the SICAV	
Chairman	David Tsz Wing Chan, Managing Director Canterbury Capital Ltd, Hong Kong
Directors	Mai-San Young, Director Canterbury Capital Ltd, Hong Kong Alain Léonard, Director Andbank Asset Management Luxembourg Phu-Van Luc, Executive Advisor Andbank Asset Management Luxembourg
Custodian Bank, Paying Agent, Administrative, Registrar and Transfer Agent	Citibank Europe plc, Luxembourg Branch 31, Z.A. Bourmicht, L-8070 Bertrange
Domiciliary Agent	Andbank Asset Management Luxembourg 7A, rue Robert Stümper, L-2557 Luxembourg <i>(until June 10, 2016)</i> 4, rue Jean Monnet, L-2180 Luxembourg <i>(since June 11, 2016)</i>
Management Company	Andbank Asset Management Luxembourg 7A, rue Robert Stümper, L-2557 Luxembourg <i>(until June 10, 2016)</i> 4, rue Jean Monnet, L-2180 Luxembourg <i>(since June 11, 2016)</i>
Investment Manager	Canterbury Capital Ltd. 14 Floor South China Building, 1-3 Wyndham Street, Central, Hong Kong
Investment Adviser	Scherrer & Partner Investment Management AG Bleicherweg 66, CH-8002 Zürich, Switzerland
Global Distributor	Canterbury Capital International P.O. Box 3175, Road Town, Tortola, British Virgin Islands
Auditor	PricewaterhouseCoopers Société coopérative 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg

TARGET ASIA FUND (LUXEMBOURG)

Information to the Shareholders

Audited annual reports will be available for inspection by Shareholders at the registered office of the SICAV, at the paying agents and distributors and at the website: www.andbank.lu within four months of the close of the accounting year. Unaudited semi-annual reports will also be made available in the same manner within two months of the end of the period to which they refer.

The accounting year of the SICAV starts on January 1 of each year and shall end on December 31 of the same year.

TARGET ASIA FUND (LUXEMBOURG)

Management Report

2016 Management Report

After a rather disappointing 2015 there were some expectations for a recovery of the depressed valuations of Asia's ex-Japan mid and small cap stock prices and correspondingly their low stock prices. However, the first six weeks of 2016 turned out to be one of the worst starts in decades for stock markets worldwide with losses reaching double digit percentage figures. The reason for such losses was the significant decline in oil prices but also the fear of a hard landing of the Chinese economy. As usual in periods of panic like market sell offs small- and mid-cap stocks suffer more than large caps due to their lower market liquidity. The following market recovery until August finally led to a reduction of the small cap undervaluation which helped the Fund to outperform broader indices; so did also the superior performance of several ASEAN stock markets, which were overweight in our fund, that particularly in the first half of the year. Thailand was after Pakistan (where Target Asia has no investments) the second best Asian stock market (+24% in USD terms in 2016) followed by Indonesia (+20%).

In the shadow of uncertainties concerning the gradual devaluation of the Chinese currency, Brexit- fears, Donald Trump's very surprising election victory and global terrorism there were also three political developments in South East Asia in 2016 that needed and still need to be followed carefully:

- The death of King Bhumibol of Thailand in October had so far no negative consequences for the Thai stock market as many analysts anticipated. However, the critical moments might follow once the mourning period of one year after his death is over. The political division between the red shirts and the yellow shirts is still there and the rural population is still far from correctly represented in the government; this could erupt in social unrest almost any time.
- The election of the new president Duterte in the Philippines in June first seemed to be welcomed by the investors lifting the stock index to the highest level ever. But the very unconventional political style of Duterte (which was very successful in Davao, the third largest city in the country) could lead to a significant slowdown of foreign investments as well as to a rift with the political establishment in Manila.
- The tax amnesty in Indonesia which started in the second half of last year and is going on for a few more months in 2017 has been surprisingly successful so far. We will further monitor how the additional funds that are now available for the government will be used. Higher investments in infrastructure would be appreciated by stock market investors.

In the Fund, we took advantage of the outperformance of Thailand and the Philippines in the first half of 2016 in order to reduce the overweight of these two markets in the asset allocation of the fund. Indonesia however is still clearly overrepresented in relation to its market capitalisation (ca. 8% in the fund as compared to ca. 3% in the Asia ex-Japan Index) and we intend to keep it for the foreseeable future.

Concerning the outlook for 2017 we can keep it short: so many uncertainties in connection with Trump's presidency, the Brexit, federal elections in Germany, the party congress in China etc. make almost any prediction a random walk. The only clear expectation we have is that the mid and small cap undervaluation in Asia should be further reduced. In the developed markets this asset class enjoys in the meantime a higher valuation than large caps. The main reason therefore is that smaller companies are more flexible and often faster to capture new opportunities in a rapidly changing world.

The Board of Directors
Represented by

Luxembourg, January 20, 2017

David Tsz Wing Chan

Note: The information in this report is provided on an historical basis and provides no indication for future results.

TARGET ASIA FUND (LUXEMBOURG)



Audit Report

To the Shareholders of
TARGET ASIA FUND (LUXEMBOURG)

We have audited the accompanying financial statements of TARGET ASIA FUND (LUXEMBOURG), which comprise the statement of net assets and the schedule of investments as at December 31, 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier”. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the “Réviseur d’entreprises agréé”, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the “Réviseur d’entreprises agréé” considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*

TARGET ASIA FUND (LUXEMBOURG)



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of TARGET ASIA FUND (LUXEMBOURG) as of December 31, 2016, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, March 16, 2017

A handwritten signature in black ink, consisting of a large, fluid loop that starts with a vertical stroke, loops around to the right, and then back down to the left, crossing itself. Below the signature, the name 'Valérie Arnold' is printed in a small, black, sans-serif font.

Valérie Arnold

TARGET ASIA FUND (LUXEMBOURG)

Statement of Net Assets as at December 31, 2016

	Target Asia Fund (Luxembourg) USD
Assets	
Investments in securities at cost (note 2.4)	6,167,043
Unrealised depreciation	(1,729,777)
Investments in securities at market value (note 2.2)	4,437,266
Cash at bank	333,534
Dividends receivable (note 2.6)	21,434
Total Assets	4,792,234
Liabilities	
Bank overdraft	552
Accrued expenses (note 7)	49,895
Redemptions payable	75,711
Total Liabilities	126,158
Net Assets	4,666,076
Number of shares outstanding	
Class A Share	18,187.489
Net Asset Value per share	
Class A Share	256.55
Net Asset Value	
Class A Share	4,666,076.23

The accompanying notes form an integral part of these financial statements.

TARGET ASIA FUND (LUXEMBOURG)

Statement of Operations and Changes in Net Assets for the Year Ended on December 31, 2016

	Target Asia Fund (Luxembourg) (USD)
Net assets at the beginning of the year	9,445,945
Income	
Dividends, net	258,772
Total Income	258,772
Expenses	
Management fees (note 3)	89,176
Management Company fees	4,161
Distribution fees (note 4)	29,725
Global fees (note 5)	66,746
Audit and legal fees	21,565
Transaction costs (note 8)	18,930
Overdraft interest	85
Regulatory fees	14,064
Taxe d'abonnement (note 6)	2,828
Tax agent fees	33,246
Miscellaneous fees	20,351
Total Expenses	300,877
Net investment loss	(42,105)
Net realised loss on sales of investments	(1,917,015)
Net realised loss on forward foreign exchange contracts	(1,423)
Net realised gain on foreign exchange	1,399
Change in net unrealised appreciation on :	
Investments in securities	1,874,023
Net change in net assets for the year resulting from operations	(85,121)
Payments for redemptions	(4,694,748)
Net payments from subscription and redemption activity	(4,694,748)
Net assets at the end of the year	4,666,076

The accompanying notes form an integral part of these financial statements.

TARGET ASIA FUND (LUXEMBOURG)

Net Asset Information as at December 31, 2016, December 31, 2015 and December 31, 2014

	Target Asia Fund (Luxembourg) (USD)
Net Assets as at	
December 31, 2016	4,666,076
December 31, 2015	9,445,945
December 31, 2014	21,645,076
Net Asset Value per share as at December 31, 2016	
Class A Share	256.55
Net Asset Value per share as at December 31, 2015	
Class A Share	252.68
Net Asset Value per share as at December 31, 2014	
Class A Share	317.28
Number of shares outstanding as at December 31, 2016	
Class A Share	18,187.489
Number of shares outstanding as at December 31, 2015	
Class A Share	37,383.006
Number of shares outstanding as at December 31, 2014	
Class A Share	68,220.255

TARGET ASIA FUND (LUXEMBOURG)

Schedule of Investments as at December 31, 2016

Quantity	Description	Market value (USD)	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
HKD Equities			
3,619,998	Century Sunshine Group Holdings Limited	130,711	2.80
50,000	China Gold International Resources Corp. Limited	81,759	1.75
200,000	China Hongqiao Group Limited	175,897	3.77
300,000	China Lesso Group Holdings Limited	194,596	4.17
75,000	China Medical System Holdings Limited	118,769	2.55
400,000	China Silver Group Limited	76,858	1.65
2,600,000	CSI Properties Limited	92,204	1.98
130,000	Digital China Holdings Limited	98,407	2.11
745,760	Ecogreen International Group	161,567	3.46
618,000	Emperor International Holdings Limited	140,264	3.00
200,000	Huabao International Holdings Limited	84,854	1.82
250,000	NagaCorp Limited	144,432	3.10
400,000	Real Gold Mining Limited*	516	0.01
350,000	Sichuan Expressway Company Limited	134,503	2.88
500,000	Universal Health International Group	22,890	0.49
320,000	Wasion Meters Group Limited	172,080	3.69
527,113	Youyuan International Holdings Limited	134,590	2.88
		1,964,897	42.11
IDR Equities			
691,524	Ciputra Development Tbk PT	68,528	1.47
1,593,000	Electronic City Indonesia Tbk PT*	70,949	1.52
4,170,400	Gozco Plantations Tbk PT	23,218	0.50
1,250,000	Lippo Karawaci Tbk PT	66,807	1.43
7,507,000	Panin Life Tbk PT	95,846	2.06
392,500	Resource Alam Indonesia Tbk PT	43,703	0.94
		369,051	7.92
KRW Equities			
3,622	Daelim Industrial Company Limited Pfd	92,064	1.97
2,609	Doosan Corp.	141,056	3.02
1,754	Hyundai Motor Company	132,007	2.83
10,000	Korean Reinsurance Company	94,386	2.02
5,979	LG Corp.	193,310	4.14
150	Samsung Electronics Company Limited	223,795	4.80
		876,618	18.78
MYR Equities			
250,000	Airasia Bhd	127,619	2.74
164,500	UEM Edgenta Bhd	126,510	2.71
		254,129	5.45
PHP Equities			
4,000,000	Filinvest Land Inc.	123,110	2.64
		123,110	2.64
SGD Equities			
400,000	Noble Group Limited	47,062	1.01
250,000	Sino Grandness Food Industry	41,525	0.89
25,000	Venture Corp. Limited	170,946	3.66
		259,533	5.56
THB Equities			
600,000	Asian Property Development pcl	125,663	2.69
100,000	Thai Nakarin Hospital pcl - NVDR	108,209	2.32
		233,872	5.01
TWD Equities			
201,970	Hung Poo Real Estate Development Corp.	161,056	3.45
		161,056	3.45
USD Equities			
15,000	Icici Bank Limited - ADR	111,000	2.38
20,000	Leju Holdings Limited - ADR	84,000	1.80
		195,000	4.18
Total Equities		4,437,266	95.10
Total Transferable securities and money market instruments admitted to an official exchange listing		4,437,266	95.10
Total Investments in Securities		4,437,266	95.10
Other Net Assets		228,810	4.90
Total Net Assets		4,666,076	100.00

*Illiquid security

NVDR: "Non-voting depositary receipt"

The accompanying notes form an integral part of these financial statements.

TARGET ASIA FUND (LUXEMBOURG)

Geographical Classification of Investments as at December 31, 2016

Country	% NAV
Cayman Islands	30.37
Republic of Korea (South)	18.78
Indonesia	7.92
Hong Kong	5.83
Malaysia	5.45
Thailand	5.01
Singapore	4.55
Bermuda	4.09
Taiwan	3.45
China	2.88
Philippines	2.64
India	2.38
Canada	1.75
Total Investments in Securities	95.10
Other Net Assets	4.90
Total Net Assets	100.00

TARGET ASIA FUND (LUXEMBOURG)

Industrial Classification of Investments as at December 31, 2016

Sector	% NAV
Real estate	13.68
Chemicals	8.08
Electronic equipment	7.35
Transportation	5.62
Semiconductors	4.80
Mining (non precious)	4.71
Building materials	4.17
Home furnishings	4.14
Insurance	4.08
Diversified companies	4.01
Precious metals	3.41
Leisure and entertainment	3.10
Miscellaneous machinery	3.02
Forest products and paper	2.88
Auto manufacturers	2.83
Home builders	2.69
Healthcare supplies and equipment	2.55
Banks	2.38
Healthcare services	2.32
Distribution and wholesale	2.11
Engineering and construction	1.97
Internet software and services	1.80
Retail	1.52
Beverages	0.89
Agriculture	0.50
Food services	0.49
Total Investments in Securities	95.10
Other Net Assets	4.90
Total Net Assets	100.00

TARGET ASIA FUND (LUXEMBOURG)

Notes to the Financial Statements as at December 31, 2016

NOTE 1 GENERAL

TARGET ASIA FUND (LUXEMBOURG) ("the SICAV") is a Luxembourg incorporated company with variable capital (société d'investissement à capital variable) which was set up for an unlimited duration in Luxembourg in the form of a public limited company (société anonyme) on December 21, 2001. The SICAV is governed by the provisions of Part I of the Luxembourg law of December 17, 2010 relating to Undertakings for Collective Investment, as amended by the Directive 2014/91 (UCITS V).

The Articles of Incorporation were published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial") on January 25, 2002, restated on May 6, 2015 and the modifications are published in the Mémorial of June 5, 2015 and have been filed with the Chancery of the District Court of Luxembourg. The SICAV is registered at the Luxembourg Register of Commerce under the number B 85 256.

The investment objective of the SICAV is to achieve long term capital appreciation by investing at least two-thirds of its net assets in equity and equity-linked securities (including warrants) of issuers that have their principal activities in Asia or are organized under the laws of Asian countries or derive a significant portion of their earnings from Asian countries. These issuers will usually be listed on the stock exchanges in Asia or on any regulated stock exchange that operates regularly and is recognised and open to the public, as defined in Directive 2004/39/EC on markets in financial instruments.

The SICAV may issue shares of different classes which the Board of Directors (the "Board") may decide to open. Classes may be defined from time to time by the Board so as to correspond to (i) specific currency hedging techniques, and/or (ii) a specific distribution policy, such as entitling to distributions or not entitling to distributions, and/or (iii) a specific subscription and redemption charge structure, and/or (iv) a specific management, performance or advisory fee structure, and/or (v) a specific distribution fee structure, and/or (vi) specific types of investors entitled to subscribe the relevant classes, and/or (vii) a specific currency, and/or (viii) any other specific features applicable to one class.

The SICAV currently issues Class A shares under the following conditions:

The minimum subscription amount for A shares is USD 10,000. The minimum additional subscription amount is USD 1,000. The minimum holding amount for A shares is USD 10,000. Class A shares will be charged a shareholder service fee as indicated hereafter. These minima on A shares may be waived at the Board's discretion from time to time.

NOTE 2 ACCOUNTING PRINCIPLES

The Financial Statements of the SICAV have been prepared in accordance with Luxembourg regulations relative to for collective investment in transferable securities ("UCITS"), including the following significant policies:

2.1) Conversion of foreign currencies

The SICAV maintains its accounting records in USD. Cash deposits, other net assets and the market value of investments expressed in currencies other than USD are converted into USD at the exchange rate prevailing at the closing date of the financial statements.

Income and expenses in currencies other than USD are converted into USD at the exchange rate prevailing on payment date.

TARGET ASIA FUND (LUXEMBOURG)

Notes to the Financial Statements as at December 31, 2016 (continued)

NOTE 2 ACCOUNTING PRINCIPLES (continued)

2.1) Conversion of foreign currencies (continued)

As at December 31, 2016, the main exchange rates are as follows:

1	USD	=	7.754523	HKD
1	USD	=	13,471.642604	IDR
1	USD	=	1,207.802377	KRW
1	USD	=	4.485995	MYR
1	USD	=	49.711672	PHP
1	USD	=	1.444901	SGD
1	USD	=	35.810206	THB
1	USD	=	32.228954	TWD

2.2) Valuation of investment securities

The value of the assets is determined as follows:

The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet collected is deemed to be the full value thereof, unless it is unlikely that such values are to be received in full, in which case the value thereof is determined by deducting such amount the Board considers appropriate to reflect the true value thereof.

Securities listed on a stock exchange or traded on any other regulated market are valued at the last available closing price in Luxembourg on such stock exchange or market. If a security is listed on several stock exchanges or markets, the last available closing price on the stock exchange or market which constitutes the main market for such securities, is determining, provided that, if such last available closing price is not representative, the valuation is based on another relevant price source or, in the absence of a relevant price source, on the probable realisation value estimated by the Board with due care and in good faith.

Unlisted securities are valued on the basis of a relevant pricing source or, in the absence of such pricing source, on the probable realisation value estimated by the Board with prudence and good faith.

During the reporting year, the Board, based on the recommendation of the Investment Adviser, periodically re-valued the price of "Real Gold Mining Limited", which is suspended since May 27, 2011. Further to the latest Circular Resolution dated October 1, 2015, this security is valued at HK\$ 0.01 per share at the reporting date.

Investments in investment funds are valued on the basis of the last net asset value ("NAV") available in Luxembourg.

The liquidating value of forward contracts traded on a stock exchange or on any other regulated market shall be based upon the last available settlement or closing prices of these contracts on such stock exchange or other regulated market on which the particular forward contracts are traded by the SICAV; provided that if a forward contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board may deem fair and reasonable.

2.3) Net realised profit or loss on sales of investments

The net realised profit or loss on sales of investments is determined on the basis of the average cost of investments sold.

2.4) Acquisition cost of investments

The cost of investments expressed in currencies other than USD is converted into USD at the exchange rate prevailing on purchase date.

TARGET ASIA FUND (LUXEMBOURG)

Notes to the Financial Statements as at December 31, 2016 (continued)

NOTE 2 ACCOUNTING PRINCIPLES (continued)

2.5) *Unrealised profit or loss*

In accordance with current practices, unrealised profits or losses at the end of the financial year are accounted for in the financial statements.

2.6) *Investment income*

Interest income is accrued on a day-to-day basis and dividends are accounted on an ex-dividend basis. Interest and dividend are stated net of irrecoverable withholding taxes, if any.

NOTE 3 INVESTMENT MANAGEMENT, INVESTMENT ADVISORY & PERFORMANCE FEES

The Investment Manager is entitled to a Management Fee of 1.50% per annum based on the average net assets of the SICAV during the relevant month. Such fee is accrued on each Valuation Day and payable monthly in arrears.

The Investment Manager is also entitled to a Performance Fee calculated on each Valuation Day, on the basis of the difference between the NAV per share of the relevant class on such Valuation Day and the Reference NAV (as defined hereinafter) multiplied by the number of shares outstanding in that class on that Valuation Day. 20% of the amount so calculated shall accrue on each Valuation Day. The Reference NAV shall be, for the relevant class, the highest previous NAV preceding the relevant Valuation Day. If the Performance Fee so calculated is equal to or less than zero on any Valuation Day, no accrual shall be made and the Performance Fee accrued since the previous calendar quarter shall not be reduced.

The Performance Fee accrued on each Valuation Day shall be paid to the Investment Manager at the end of each calendar quarter. No Performance Fee has been charged for the financial year ended December 31, 2016.

Part of the Investment Management Fee may be paid to and retained by the Management Company with the prior approval of the Investment Manager and paid to counterparties rendering services in favor of the SICAV.

The Investment Adviser is remunerated a fee by the Investment Manager out of the Investment Management Fee.

The Investment Manager shall pay to the Investment Adviser a fee equal to 0.625% per annum on the average net assets of the SICAV during the relevant month payable monthly in arrears. The Investment Adviser shall not be remunerated out of the Performance Fee.

NOTE 4 DISTRIBUTION FEES

Class A shares are charged a Shareholder service fee of 0.50% per annum accrued on each Valuation Day and payable monthly. This fee is paid to the Global Distributor.

The Distributor is further entitled to receive a portion of the Investment Management Fee normally due to the Investment Manager on the basis of the NAV of the SICAV and paid at the end of each month at the rate of 0.725% per annum.

NOTE 5 GLOBAL FEES

The SICAV pays, in accordance with normal practice in Luxembourg, fees, expenses and transaction charges of the Custodian, as well as fees, expenses and transaction charges of the Administrative Agent for providing registrar, transfer, and administration services (the "Global Fee"). The Global Fee is calculated on the NAV of the SICAV, accrued on each Valuation Day and payable monthly.

TARGET ASIA FUND (LUXEMBOURG)

Notes to the Financial Statements as at December 31, 2016 (continued)

NOTE 5 GLOBAL FEES (continued)

The Custodian is paid at the following rate: 0.020%* per annum on the average net assets of the SICAV during the relevant month with a minimum of USD 2,000** per month.

The Administrative Agent is paid at the following rate: up to 0.035% per annum on the average net assets of the SICAV during the relevant month with a minimum of USD 1,400 per month.

The Registrar and Transfer Agent is paid at the following tariffs:

- a maintenance fee of USD 250 per class per month;
- a shareholder servicing fee of USD 125 per shareholder account per annum;
- a shareholder account fee of USD 20 per shareholder account per annum; and
- a transaction fee of up to USD 40 per transaction

NOTE 6 TAXATION

The SICAV is subject to Luxembourg tax laws.

Under current laws and regulations, the SICAV is subject in Luxembourg to the subscription tax ("taxe d'abonnement") at an annual rate of 0.05%, such tax being payable quarterly and calculated on the basis of the net assets at the end of the relevant quarter.

However, the portion of assets which are invested in units of UCITS and UCIs shall be exempt from such tax as far as those UCITS and UCIs are already submitted to this tax in Luxembourg.

NOTE 7 ACCRUED EXPENSES

As at December 31, 2016, the accrued expenses consisted of the following :

	(USD)
Management fees	5,969
Management Company fees	911
Distribution fees	1,990
Global fees	3,865
Audit and legal fees	6,295
Taxe d'abonnement	587
Tax agent fees	11,973
Miscellaneous fees	18,305
Total	49,895

NOTE 8 TRANSACTION COSTS

For the year ended December 31, 2016, the SICAV supported transaction costs related to purchase or sale of financial instruments (securities and derivatives) for an amount of USD 18,930, which fully relates to brokerage fees.

NOTE 9 CHANGES IN THE INVESTMENT PORTFOLIO

The details of changes in the investment portfolio composition during the reporting year are available to the Shareholders at the registered office of the SICAV.

*0.025% until May 31, 2016

**USD 1,400 until May 31, 2016

TARGET ASIA FUND (LUXEMBOURG)

Notes to the Financial Statements as at December 31, 2016 (continued)

NOTE 10 CORPORATE GOVERNANCE

The Board adheres to the principles and best practice recommendations published by the Association of the Luxembourg Fund Industry ("ALFI") in the ALFI Code of Conduct for Luxembourg Investment Funds. The Management Company implements permanent compliance controls through its own Risk Management systems which appropriately cover the investment risks.

NOTE 11 GLOBAL EXPOSURE

The method retained by the Management Company for the determination of the global risk exposure of the SICAV is the commitment approach.

NOTE 12 IMPORTANT EVENTS

New prospectuses have been issued in February, June and November 2016.

TARGET ASIA FUND (LUXEMBOURG)

Unaudited Supplementary Information

REMUNERATION DISCLOSURE

The Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers and whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles or the Fund's Articles.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of its shareholders, and includes measures to avoid conflicts of interest.

Structure of remuneration packages:

It is stated in the remuneration policy that the remuneration packages of the Management Company are structured around a fixed component and a variable component. The fixed remuneration components are normally granted to all employees of the Management Company with a permanent contract.

The variable remuneration is granted on the basis of the results of the performance assessment process. It shall be based on relevant, pre-determined and measurable criteria linked to the Management Company's corporate values, business strategy goals, long-term interests of its shareholders and clients, and risk management.

The remuneration policy provides that an assessment of the results of the Management Company shall be conducted using a multi-year perspective in order to ensure that the assessment process is based on longer term performance.

The variable remuneration is determined on the basis of a combination of the assessment of the performance of the individual and of the business unit or funds concerned and of the overall results of the Management Company through both financial and non-financial criteria, enabling the alignment of the employees' interests with the Management Company and the funds it manages.

The Management Company shall not offer guaranteed Variable Remuneration.

The Management Company has to maintain a sound financial situation and has to take into consideration any negative financial result and performance of the Management Company and/or the Funds.

Balanced between fixed and variable remuneration:

The remuneration policy also ensures that fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Performance assessment:

The Management Company assesses the performance of all of its employees once a year.

Each employee shall be informed of the individual criteria that govern his/her Remuneration and how his/her performance is assessed.

Proportionality principle:

This remuneration policy takes into account the principle of proportionality, which allows procedures, mechanisms and organizational structure to be calibrated to the nature, scale and complexity of the Management Company's business and to the nature and range of activities carried out in the course of its business.

The application of the principle of proportionality is motivated by the size, the internal organization and the nature, scope and complexity of the activities of the Management Company.

TARGET ASIA FUND (LUXEMBOURG)

Unaudited Supplementary Information (continued)

REMUNERATION DISCLOSURE (continued)

In this context, as defined in the ESMA Guidelines, the Management Company decided not to apply the following requirements:

- Requirement to pay out a part of the variable remuneration in instruments and, de facto, the related instrument retention obligations;
- Requirement to pay out a part of the variable remuneration through a deferral scheme and, de facto, the related ex-post risk adjustment obligations (malus);
- Requirement to set up a Remuneration Committee

However, for the purpose of closely monitoring matters linked to remuneration practices, the Management Company has established a Nomination & Remuneration Committee.

Nomination and Remuneration Committee:

The role of the Nomination & Remuneration & Committee, as a specialized committee of the Board of the Management Company, is to assist and advise the Board of the Management Company in all analyses and decisions related to nomination and remuneration.

The Nomination and Remuneration Committee is constituted in a way that enables it to exercise competent and independent judgment on the remuneration policies and practices and the incentives created for managing risks.

Thus, Nomination and Remuneration Committee is composed of members of the Board of Directors of the Management Company who do not perform any executive functions in the Management Company and one representative of the Andbank Group to ensure a consistent approach within the Andbank Group.

	Fixed Remuneration	Variable Remuneration
Authorised Management - (2 employees)	233,969.40	40,000.00
Employees (25 employees)	2,139,115.73	278,685.75
Total (27 employees)	2,373,085.13	318,685.75

EUROPEAN REGULATION (EU) 2015/2365 ON THE TRANSPARENCY OF FINANCIAL TRANSACTIONS IN SECURITIES AND REUSE OF COLLATERAL (SECURITIES FINANCING TRANSACTIONS REGULATION OR SFTR)

During the year ended December 31, 2016, the SICAV did not enter into transactions within the scope of the SFTR.