



**恒生投資**  
HANG SENG INVESTMENT

## PRODUCT KEY FACTS STATEMENT

Hang Seng Mainland and  
Hong Kong Corporate Bond Fund  
29 April 2022

Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng Mainland and Hong Kong Corporate Bond Fund (the “Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum”) and the Term Sheet of the Fund.***
- ***You should not invest in the Fund based on this statement alone.***

### Quick Facts

Manager:	Hang Seng Investment Management Limited
Trustee & Registrar:	HSBC Institutional Trust Services (Asia) Limited
Base Currency:	USD
Dealing Frequency:	Daily*
Dividend Policy:	The Manager currently intends to make declaration of distribution on a monthly basis. The distribution will be made in the form of cash payment. The Manager may at its discretion pay dividend out of the capital of the Fund.  Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund
Ongoing charges over a year**	1.95%
Financial year end of the Fund:	31 December

\* Generally, Dealing Day is any day (except Saturday) on which banks in Hong Kong are open for normal banking business. Please refer to the Explanatory Memorandum for the full definition of “Dealing Day”.

\*\* The ongoing charges figure is based on ongoing expenses for the year ended 31 December 2021 expressed as a percentage of the Fund's average Net Asset Value for the same period. It includes the fees of the Manager and the Trustee. The actual figure may be different from the estimate. Please refer to the “CHARGES AND EXPENSES” section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details. This figure may vary from year to year.

### What is the Fund?

- ❖ The Fund is a fund in the Hang Seng Investment Series, which is a unit trust established as an umbrella fund and is currently domiciled in The Hong Kong Special Administrative Region (“Hong Kong”).

### Objective and Investment Strategy

The investment objective of the Fund is to maximise long term total returns, in terms of both income and capital appreciation, by investing at least 70% of its Net Asset Value in a diversified portfolio of corporate bonds (including convertible bonds) which are traded in the Hong Kong marketplace, and with most of them being bonds issued by companies whose primary operations are in mainland China and/or Hong Kong. The

Fund will primarily invest in bonds denominated in US dollars.

In order to achieve its investment objective, less than 30% of the Net Asset Value of the Fund may also be invested in fixed income securities (including but not limited to corporate bonds, convertible bonds, agency bonds, quasi-governmental organisations bonds and sovereign bonds) issued in other Asian emerging markets.

The Fund will seek to achieve its investment objective by investing at least 50% of its Net Asset Value in investment grade fixed income securities (i.e. those which are rated Baa3 or higher by Moody's, BBB- or higher by Standard & Poor's, BBB- or higher by Fitch or an equivalent rating by other recognized rating agencies).

The Fund may also invest up to 50% of its Net Asset Value in non-investment grade and/or unrated fixed income securities. In determining whether a debt security is "unrated", the Manager will consider the credit rating of the debt security itself; if the debt security is not rated, then the Manager will consider the credit rating of the issuer. If neither the debt security itself nor its issuer is rated, the debt security will be classified as "unrated". For the avoidance of doubt, for debt securities which are rated and/or the issuer of which are rated by multiple internationally recognized credit rating agencies, if the credit ratings of the debt securities amongst credit rating agencies differ, the highest available rating assigned by an internationally recognized credit rating agency will be used for the purpose of determining the credit rating. While the 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.

The Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features (e.g. debt instruments, non-preferred senior debt instruments and other senior or subordinated debt instruments issued by a holding company of a financial institution with features of contingent write-down on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level).

The Fund does not intend to have an investment focus in terms of industries or sectors.

### **Use of derivatives / investment in derivatives**

The Fund will not use financial derivative instruments for any purposes.

### **What are the key risks?**

**Investment involves risks. Please refer to the "Risk Factors" section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details.**

#### **Investment Risk**

- ❖ The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

#### **Risks for Funds investing in Fixed Income Instruments**

In respect of the investments of the Fund in fixed income instruments, the key risks include the following:-

##### **Credit / Counterparty Risk**

- ❖ The Fund is exposed to the credit/default risk of issuers of the fixed income instruments that the Fund may invest in.

##### **Interest Rate Risk**

- ❖ Investment in the Fund is subject to interest rate risk. In general, the prices of fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

#### Volatility and Liquidity Risk

- ❖ The fixed income instruments in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.

#### Downgrading Risk

- ❖ The credit rating of a fixed income instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

#### Valuation Risk

- ❖ Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Fund.

#### Credit Rating Risk

- ❖ Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

#### Risks associated with Investing in Debt Instruments of Emerging Markets

- ❖ The above risks for investing in fixed income instruments may be especially pronounced for fixed income instruments of emerging markets. Investment in emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets. Other risks include, without limitation, currency fluctuations/control, legal and taxation risks, settlement risks, custody risk, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, substantial external debt and political and social uncertainties).

#### Risk associated with Investing in Lower-rated/Non-investment Grade/Unrated Debt Instruments

- ❖ The Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. Unrated debt securities are debt securities which neither the debt securities nor their issuers have a credit rating.

#### Risks associated with Bond Issuers with Smaller Market Capitalisations

- ❖ The general risks associated with bonds can be particularly pronounced for securities issued by companies with smaller market capitalisations. These companies may be subject to greater levels of credit, market and issuer risk.
- ❖ Bonds of smaller companies may trade less frequently and in lesser volumes than more widely held bonds of larger issuers and their values may fluctuate more sharply than other securities.
- ❖ Companies with medium-sized market capitalisations may have risks similar to those of smaller companies.

#### Risks associated with Investing in Convertible Bonds

- ❖ Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

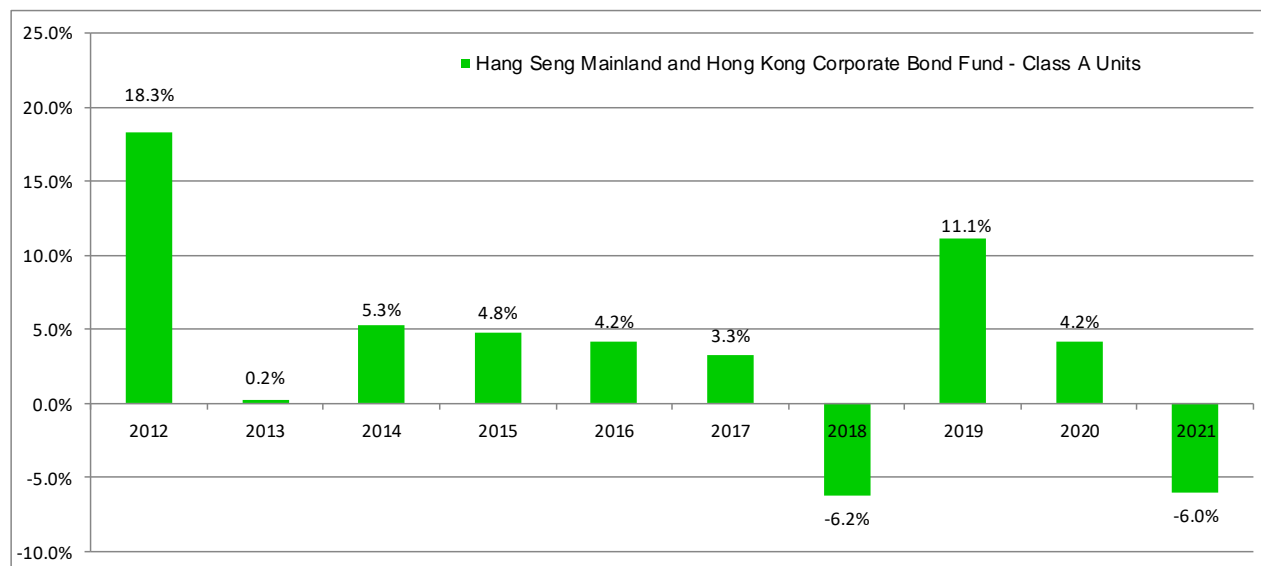
#### Concentration Risk

- ❖ The Fund's investments are concentrated in fixed income securities issued by companies whose primary operations are in mainland China and/or Hong Kong. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting mainland China and/or Hong Kong.

### **Risks associated with Distribution out of the Fund's Capital**

- ❖ Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

### **How has the Fund performed?**



- ❖ Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- ❖ The computation basis of the performance is based on the calendar year end, Unit Price-To-Unit Price, with dividend (if any) reinvested.
- ❖ These figures show by how much the Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ The Class B Units of the Fund were consolidated into Class A Units of the Fund with effect from 24 December 2014.
- ❖ Fund launch date: 2009
- ❖ Class A Units launch date: 2009

### **Is there any guarantee?**

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

### **What are the fees and charges?**

#### **Charges which may be payable by you**

You may have to pay the following fees when dealing in the Units of the Fund.

Fee	What you pay#	
Subscription Fee	Class A Units	Up to 4.0% of the issue price of the Fund
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
Redemption Fee	Class A Units	Nil

# Please contact the Authorised Distributor(s) of the Fund for details.

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Net Asset Value of the Fund)	
Management Fee <sup>^</sup>	Class A Units	Up to 1.5%
Trustee Fee <sup>^</sup>	Class A Units	0.1% (subject to a minimum monthly trustee fee of US\$4,500)

<sup>^</sup> Please note that the annual rate stated may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum by giving 1 month's prior notice to relevant Unitholders.

### Other fees

You may have to pay other fees and charges when dealing in the Units of the Fund. Please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum for details.

### Additional Information

- ❖ The Manager has an absolute discretion to reject in whole or in part any application for Units of the Fund.
- ❖ You generally buy and redeem Units at the Fund's next-determined Net Asset Value.
- ❖ To be dealt with on a Dealing Day, your request has to be received by the Authorised Distributor(s) of the Fund in good order on or before the dealing cutoff time as set by them (which may be different from that as set by the Manager). Please contact the Authorised Distributor(s) of the Fund for details.
- ❖ The Net Asset Value of the Fund on each Dealing Day is normally calculated on the Business Day after that Dealing Day, and is available online at [www.hangsenginvestment.com](http://www.hangsenginvestment.com)<sup>▲</sup>.
- ❖ The compositions of the dividends (if any) (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website [www.hangsenginvestment.com](http://www.hangsenginvestment.com)<sup>▲</sup>.
- ❖ Investors may obtain other information of the Fund from the website [www.hangsenginvestment.com](http://www.hangsenginvestment.com)<sup>▲</sup>.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

<sup>▲</sup> This website has not been reviewed by the SFC.

Issued by Hang Seng Investment Management Limited (wholly-owned subsidiary of Hang Seng Bank)