

Issuer: Value Partners Hong Kong Limited
April 2022

- This statement provides you with key information about this product.
- This statement is a part of the fund's Explanatory Memorandum.
- You should not invest in this product based on this statement alone.

Quick facts
Manager: Value Partners Hong Kong Limited

Trustee: HSBC Institutional Trust Services (Asia) Limited

Ongoing charges over a year*:

Class A Units: AUD Hedged MDis	1.83% ^β
Class A Units: CAD Hedged MDis	1.82% ^β
Class A Units: GBP Hedged MDis	1.82% ^{αα}
Class A Units: HKD Unhedged Acc	1.83% ^β
Class A Units: HKD Unhedged MDis	1.83% ^β
Class A Units: NZD Hedged MDis	1.82% ^β
Class A Units: RMB Hedged MDis	1.83% ^β
Class A Units: SGD Hedged Acc	1.83% ^β
Class A Units: SGD Hedged MDis	1.83% ^β
Class A Units: USD Unhedged Acc	1.83% ^β
Class A Units: USD Unhedged MDis	1.82% ^β
Class V Units: HKD Unhedged Acc	1.08% [#]
Class V Units: HKD Unhedged MDis	1.08% [#]
Class V Units: USD Unhedged Acc	1.08% [#]
Class V Units: USD Unhedged MDis	1.08% [#]

Dealing frequency: Daily

Base currency: USD

Dividend policy: Class A Units: AUD Hedged MDis, CAD Hedged MDis, GBP Hedged MDis, HKD Unhedged MDis, NZD Hedged MDis, RMB Hedged MDis, SGD Hedged MDis and USD Unhedged MDis;

Class V Units: HKD Unhedged MDis and USD Unhedged MDis:

The Manager currently intends to make monthly dividend distribution at its discretion. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

Class A Units: HKD Unhedged Acc, SGD Hedged Acc and USD Unhedged Acc;

Class V Units: HKD Unhedged Acc and USD Unhedged Acc:

It is the current intention of the Manager that dividend distributions will not be made in respect of these Classes.

Financial year end of this fund: 31 December

Classes available:

Class A: AUD Hedged MDis, CAD Hedged MDis, GBP Hedged MDis, HKD Unhedged Acc, HKD Unhedged MDis, NZD Hedged MDis, RMB Hedged MDis, SGD Hedged Acc, SGD Hedged MDis, USD Unhedged Acc and USD Unhedged MDis;

Class V Units: HKD Unhedged Acc, HKD Unhedged MDis, USD Unhedged Acc and USD Unhedged MDis

* *The ongoing charges figure is expressed as a percentage of the sum of expenses over the estimated/average net asset value of the class of units for the corresponding period as described below. This figure may vary from year to year. Information is updated as at 28 March 2022.*

β *This figure is based on the expenses for the year ended 31 December 2021.*

^^ *The first issue of the class of units has not yet occurred. This ongoing charges figure is an estimate only and is based on the estimated ongoing charges figure of Class A Units USD Unhedged MDis with similar fee structure over a 12-month period. The actual ongoing charges figure may be different and may vary from year to year.*

The first issue of the class of units has not yet occurred. This ongoing charges figure is an estimate only. The actual ongoing charges figure may be different and may vary from year to year.

Minimum initial investment:

Class A Units: USD 10,000 or equivalent

Class V Units: USD 1,000,000 or equivalent

Minimum subsequent

Class A Units: USD 5,000 or equivalent

investment:

Class V Units: USD 100,000 or equivalent

Minimum holding:

Class A Units: USD 10,000 or equivalent

Class V Units: USD 1,000,000 or equivalent

Minimum redemption amount:

Class A Units: Nil

Class V Units: Nil

What is this product?

- The Value Partners Asian Innovation Opportunities Fund (the "Sub-Fund") is a sub-fund of Value Partners Fund Series which is a unit trust established under the laws of Hong Kong.
- The Sub-Fund will invest predominantly in Asian equity and/or fixed income securities of companies that are related to innovative technologies or business innovations.

Objectives and Investment Strategy**Objective**

The investment objective of the Sub-Fund is to maximise return and income by investing primarily (i.e. not less than 70% of its Net Asset Value) in Asian equity and/or fixed income securities relating to Asian companies that are listed, or have their registered offices in Asia or that generate a predominant share of their sales and/or their profits in Asia which are related to innovative technologies or business innovations including but not limited to information technology, consumption services, healthcare and financials. There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

The Sub-Fund seeks to achieve its investment objective by primarily investing in a diversified portfolio across a broad range of asset classes in Asia, including Asian equity and/or fixed income securities. The Sub-Fund will be actively managed and will invest in the Asian region which includes both developed and emerging market countries. The Sub-Fund may also invest up to 30% of its Net Asset Value in any region or country outside of Asia.

Companies in the innovative technologies or business innovations sector are companies that will provide, or benefit significantly from, technological advances and improvements or business model changes in relation to products, processes or services.

The Sub-Fund may invest up to 100% of its Net Asset Value in Asian equity securities or Asian fixed income securities.

The Sub-Fund adopts a flexible approach to asset allocation and provides a diversified multi-asset portfolio. The allocation of the Sub-Fund's assets will be continually monitored and reviewed by the Manager.

Changes to the allocation will be made according to the global market environment, economic conditions and investment trends, and factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market will be taken into account. The Sub-Fund may invest in equities when the Manager believes market conditions and opportunities favour equities. When the Manager believes market conditions and opportunities do not favour equities, the Sub-Fund may invest in debt securities or money market instruments.

Equity investments

The Sub-Fund may invest in Asian equity securities of companies that are listed or traded worldwide (including but not limited to American Depositary Receipts ("ADRs"), A-Shares, B-Shares and H-Shares). The Sub-Fund's investment in A-Shares may be made indirectly via Mainland China access products (such as participatory notes) (the "Access Products") and/or directly via the Stock Connect (which comprises the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect). Not more than 10% of the Sub-Fund's Net Asset Value may be invested in Access Products issued by any single Access Products issuer. There is no restriction on market capitalizations or industries in relation to the equity securities in which the Sub-Fund may invest, and the Sub-Fund may invest substantially in securities issued by small and mid-cap companies.

Fixed income securities investments

The Sub-Fund may also invest in Asian fixed income securities, such as Mainland China offshore bonds and other fixed income securities (including but not limited to convertible bonds and contingent convertible bonds (each up to 30% of its Net Asset Value)), which are mainly denominated in USD, HKD or RMB. The Sub-Fund will have no restrictions on the credit ratings of the fixed income securities it holds, and may invest up to 40% of its Net Asset Value in fixed income securities which (or the issuer of which) are rated Below Investment Grade, or which are unrated.

For the purposes of the Sub-Fund:

- A fixed income security which is rated below investment grade is defined as a fixed income security which (or the issuer of which) is rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor's, Moody's and/or Fitch) ("Below Investment Grade"); and
- An "unrated" fixed income security is defined as a fixed income security which neither the security itself nor its issuer has a credit rating.

Other investments

The Sub-Fund may also invest up to 30% of its Net Asset Value in aggregate in the following categories: "Dim Sum" bonds and collateralised and/or securitised products (such as asset backed securities/mortgage backed securities/asset backed commercial papers). The Sub-Fund will not invest in other structured products or urban investment bonds, which are debt instruments issued by local government financing vehicles in the Mainland China exchange-traded bond markets and inter-bank bond market.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country).

The Sub-Fund may invest up to 10% of its Net Asset Value in one or more underlying scheme(s) which are non-recognised jurisdiction schemes and not authorised by the SFC and less than 30% of its Net Asset Value in one or more underlying scheme(s) which are recognised jurisdiction schemes and authorised by the SFC, including those which are managed by the Manager or its Connected Persons or other third parties.

If the Manager considers fit, the Sub-Fund may, to a limited extent (up to 30% of its Net Asset Value), seek exposure to other asset classes including but not limited to non-Asian securities and commodities indirectly through exchange traded funds and/or similar instruments (such as other underlying scheme(s) as permitted under Chapter 7 of the SFC's Code on Unit Trusts and Mutual Funds).

The Sub-Fund's aggregate exposure to investments (whether direct or indirect) in securities issued in Mainland China (including A-Shares, B-Shares and onshore debt securities) shall not exceed 20% of its non-cash assets.

The Sub-Fund's portfolio may also temporarily include cash and cash equivalents, up to 100% of its Net Asset Value, under exceptional circumstances (such as in the event of market crashes, major crisis or to mitigate the risk of potential sharp reversals and fall in the equity or bond markets) for cash flow management.

Except for the Access Products disclosed above, the Sub-Fund may invest in financial derivative instruments for hedging purposes only. The Manager will not enter into any securities lending, repurchase or reverse-repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund.

Asset allocation table

The Sub-Fund's portfolio will be allocated, according to asset class, as follows:

Asset class	Indicative percentage of Net Asset Value
Equities (Equities of Asian companies that are listed, or have their registered offices in Asia or that generate a predominant share of their sales and/or their profits in Asia which are related to innovative technologies or business innovations)	0% to 100%
Fixed income securities (Asian fixed income securities including Mainland China offshore bonds and other fixed income securities (including but not limited to convertible bonds and contingent convertible bonds) which are mainly denominated in USD, HKD or RMB, and which are related to innovative technologies or business innovations)	0% to 100%
Other asset classes (Including but not limited to non-Asian securities and commodities indirectly through exchange traded funds and/or similar instruments)	0% to 30%
Cash and cash equivalents	0% to 100%

The asset allocation of the Sub-Fund will change according to the Manager's views of fundamental economic and market conditions and investment trends, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses. The performance of the Sub-Fund is partially dependent on the success of the asset allocation strategy employed by the Sub-Fund. There is no assurance that such strategy will be successful and therefore the investment objectives of the Sub-Fund may not be achieved.

2. Risk relating to dynamic asset allocation strategy

- The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy. The dynamic asset allocation strategy may not achieve the desired results under all circumstances and market conditions.

3. Innovative technology sectors and Asian market concentration risks

- The Sub-Fund's investments are concentrated in the sectors relating to innovative technology or business innovation in the Asian market. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- Companies in the innovative technology or business innovation sectors may be in their preliminary stage of development with smaller business scale and shorter operating history and are therefore characterised by relatively higher uncertainty and volatility in price performance when compared to other economic sectors. Such companies may also be heavily dependent on research and development, and any failure in such processes may result in losses in such companies which are invested by the Sub-Fund. Companies in such sectors also face intense competition which may have an adverse effect on profit margins. Investment in such companies may therefore be more volatile.
- The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asian market.
- Certain Asian markets which the Sub-Fund invests in may be emerging markets, which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

4. Risk of investing in equity securities

- *General:* The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- *Small and mid-capitalisation companies:* The Sub-Fund may invest in small and mid-capitalisation companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

5. Risk of investing in fixed income securities

- *Interest rate risk:* Generally, the value of fixed income securities is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the Asian markets may adversely impact the value of the Sub-Fund's fixed income portfolio.
- *Volatility and liquidity risk:* The fixed income securities in certain Asian 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 Sub-Fund may incur significant trading costs.
- *Credit risk:* Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Sub-Fund, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.
- *Downgrading risk:* The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated outside of Hong Kong and therefore not subject to the laws of Hong Kong.
- *Risk of investing in Below Investment Grade and unrated bonds:* The Sub-Fund may be invested in fixed income securities which (or the issuers of which) are rated Below Investment Grade, or may not be rated by any rating agency of an international standard. Such securities are generally subject to a higher degree of volatility and credit risk, a lower degree of liquidity and greater risk of loss of principal and interest than high-rated debt securities, which may result in greater fluctuations in value and, consequently, the Net Asset Value of the Sub-Fund.

- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.
- *Credit ratings 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.
- *Risk of investing in collateralised and/or securitised products:* Collateralised and/or securities products (such as asset backed securities/mortgage backed securities/asset backed commercial papers) may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk 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.

6. Risk of 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.

7. Risk associated with investments in contingent convertible bonds

- *Trigger level risk / conversion or total write-off risk:* Contingent convertible bonds may have non-viability and/or loss absorption convertible features and may be subject to compulsory conversion by the issuer into ordinary shares or written off entirely upon the occurrence of a trigger event which may be out of the issuer's control. Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the triggering events that would require the conversion. These instruments may be converted into shares potentially at a discounted price and the principal amount invested may be lost entirely. In case of conversion, the Manager might be forced to sell these new equity shares and such forced sale may result in the Sub-Fund experiencing losses.
- *Coupon cancellation risk:* Coupon payments are entirely discretionary and may be cancelled by the issuer. As a result, these instruments may be volatile and their price may decline rapidly in the event that coupon payments are suspended.
- *Sector concentration risk:* These instruments are issued by banking and insurance institutions. The performance of the Sub-Fund may depend to a greater extent on the overall condition of the financial services industry than for funds following a more diversified strategy.
- *Novelty and untested nature:* The structure of these instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

8. Risks of investing in ADRs

- Exposure to ADRs may generate additional risks compared to a direct exposure to the corresponding underlying stocks. There could be a risk that underlying shares would not be attributed to holders of ADRs in case of bankruptcy of the depositary bank. Fees related to ADRs may impact their performance. Also, holders of ADRs are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights.

9. Foreign exchange risk

- An investment in the Sub-Fund may involve exchange rate risk. The investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund (which is USD). Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund as well. Fluctuations in the exchange rates between such currency and the base currency as well as associated fees and charges may have an adverse impact on the performance of the Sub-Fund.

10. RMB currency risk

- The Sub-Fund may have exposure to investments which are denominated in RMB. The RMB is not freely convertible and subject to exchange controls and restrictions. Investors whose assets and liabilities are predominantly in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB as well as associated fees and charges. There is no guarantee that RMB will not depreciate. Any depreciation of the RMB could adversely affect the value of the investor's investment in the Sub-Fund.
- Assets of the Sub-Fund denominated in RMB are valued with reference to the CNH rate. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemption and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

11. Derivative risk

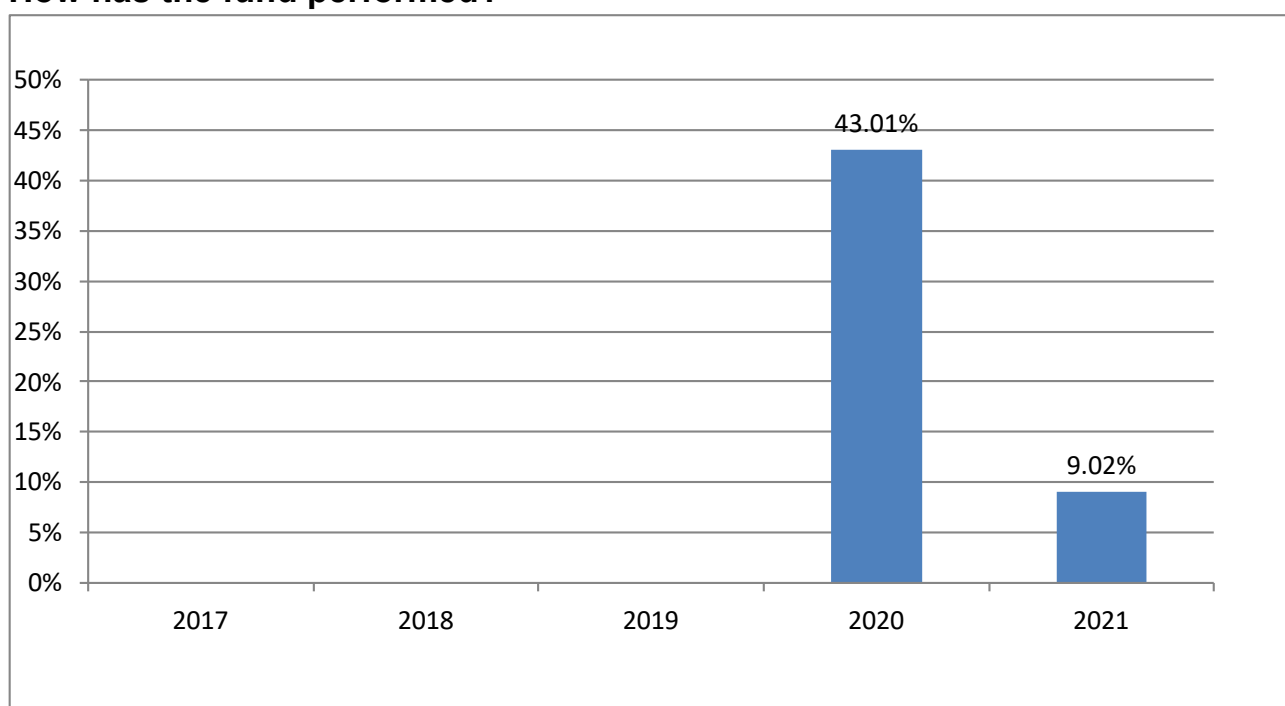
- The Sub-Fund may from time to time invest in financial derivative instruments for hedging purposes. The use of such derivatives exposes a sub-fund to additional risks, including volatility risk, valuation risk, leverage risk, liquidity risk, correlation risk, counterparty/credit risk, legal risk, over-the-counter transaction risk and settlement risk.

12. Hedged class risk

- There is no guarantee that the desired hedging instruments will be available or that the hedging techniques will be effective. Hedging can limit potential gains of a hedged class.

13. Dividends risk / distributions payable out of capital or effectively out of capital risk

- Payment of dividends out of capital or effectively out of capital may require the Manager to sell the assets of the Sub-Fund and 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 distributions involving payment of dividends out of capital or effectively out of capital of Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit of the relevant class.
- The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

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, NAV-to-NAV, with dividend reinvested.
- The figures show by how much Class A Units: USD Unhedged Acc increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 26 February 2019
- Class A Units: USD Unhedged Acc launch date: 26 February 2019
- Class A Units: USD Unhedged Acc have the longest history and are broadly indicative of the Sub-Fund's performance characteristics.

Is there any guarantee?

This Sub-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 Sub-Fund.

Fee	What you pay
Subscription fee	Up to 5% of the subscription monies
Redemption fee*	Nil
Switching fee*^	Nil
^ Certain distributors may impose a charge for each switching of Units in a class of the Sub-Fund acquired through them for Units in another class of the Sub-Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their Units in one class to Units in another class should check with their respective distributors for the charge on switching.	

Ongoing fees payable by the Sub-Fund

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

	Annual rate (as a % of the class of Units' Net Asset Value)
Management fee*	Class A Units: 1.50% Class V Units: 0.75%
Performance fee	N/A
Trustee fee*	0.135% per annum for the first USD150 million in Net Asset Value of the Sub-Fund, 0.13% per annum for the portion over the first USD150 million up to and including USD800 million in the Net Asset Value of the Sub-Fund, 0.125% per annum for the balance in excess of USD800 million in the Net Asset Value of the Sub-Fund. The Trustee fees are subject to a monthly minimum of USD4,500.
Other fees	You may have to pay other fees when dealing in the Units of the Sub-Fund.

* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional information

- You generally buy and redeem units at the Sub-Fund's next-determined Net Asset Value after the administrator receives your request in good order at or before 5:00 pm (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's Net Asset Value and the latest subscription and redemption prices of units are available each business day on the Manager's website www.valuepartners-group.com (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months will be available from the Manager on request and on the Manager's website.

Investors may obtain information on the distributor(s) appointed in respect of the Sub-Fund by making a telephone enquiry with the Manager on (852) 2143 0688.

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.