



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng Ping An Asian Income 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	
Sub-investment Manager:	Ping An of China Asset Management (Hong Kong) Company Limited (external delegation [^])	
Trustee & Registrar:	HSBC Institutional Trust Services (Asia) Limited	
Base Currency:	USD	
Dealing Frequency:	Daily*	
Distribution Policy:	Class A USD – Income Units, Class A HKD – Income Units, Class A RMB (Hedged) – Income Units, Class A AUD (Hedged) – Income Units, Class P USD – Income Units	The Manager currently intends to make declaration of distribution on a monthly basis. The distribution will be made in the form of cash payment in the currency of the respective class of Units of the Fund. The Manager may at its discretion pay distribution out of the capital or effectively out of the capital [#] of the Fund. Payment of distribution 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.
	Class D HKD – Accumulation Units	No distribution, any income received by the Fund will be accumulated and reflected in the Unit price.
Ongoing charges over a year**	Class A USD – Income Units	1.77%
	Class A HKD – Income Units	1.77%
	Class A RMB (Hedged) – Income Units	1.77%
	Class A AUD (Hedged) – Income Units	1.77%
	Class D HKD – Accumulation Units	1.77%
	Class P USD – Income Units	1.27%
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”.

** As Class A USD – Income Units, Class A HKD – Income Units and Class D HKD – Accumulation Units were newly established in March 2021, Class P USD – Income Units were newly established in June 2021, Class A RMB (Hedged) – Income Units were newly established in September 2021, and Class A AUD (Hedged) – Income Units were newly established in May 2022, the ongoing charges figures for these Classes of Units are the Manager’s best estimate of the expenses and the average Net Asset Value of the Class of Units over a 12-month period. The actual figures 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. The ongoing charges figures (if any) for Class I Units and Class Z Units are available from the Manager on request.

^ The Manager has delegated its investment management duties in relation to debt securities to the Sub-investment Manager and the Sub-investment Manager is responsible for carrying out investments in debt securities and the actions ancillary to the investments for and on behalf of the Fund on a discretionary basis subject to the control and review by the Manager.

The Manager may at its discretion pay distribution out of gross income while charging/ paying all or part of the Fund's fees and expenses to/ out of the capital of the Fund (resulting in an increase in distributable income for the payment of distribution by the Fund), and thereby effectively pay distributions out of the capital of the Fund.

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

Objective

The Fund aims to provide income and long term capital growth through investing primarily in a balanced portfolio consisting of equity and debt securities issued in the debt and securities markets in the Asia Pacific region (excluding Japan).

Investment Strategy

The Fund may invest primarily (i.e. at least 70% of the Fund's Net Asset Value) in a balanced portfolio consisting of (i) equity and debt securities issued in the debt and securities markets in the Asia Pacific region (excluding Japan), and/or (ii) other collective investment schemes (including exchange-traded funds) which have similar investment objectives and/or strategies as the Fund. The Fund will be actively managed and will invest in the emerging market countries as well as developed countries.

Equity Investments

The Fund may invest at least 20% and up to 70% of its Net Asset Value in (i) equity and equity related securities of companies, which are established, incorporated or listed in the Asia Pacific region (excluding Japan) or have significant operations or assets in, or derive a significant portion of revenue or profits from, the Asia Pacific region (excluding Japan), and/or (ii) other collective investment schemes (including exchange-traded funds) which have similar investment objectives and/or strategies as the Fund.

The Fund may invest up to 20% of its Net Asset Value in listed Real Estate Investment Trusts (“REITs”).

The Fund may invest in China A-shares listed on the Shanghai or Shenzhen Stock Exchanges via the Stock Connect. The Fund may invest in equities of companies that are listed on the ChiNext Board.

Debt Securities Investments

The Fund may invest at least 20% and up to 70% of its Net Asset Value in (i) debt securities that are issued by entities such as governments, government agencies, supranational entities, corporations, financial institutions and banks established or incorporated in the Asia Pacific region (excluding Japan) or have significant operations or assets in, or derive a significant portion of revenue or profits from, the Asia Pacific region (excluding Japan), and/or (ii) other collective investment schemes (including exchange-traded funds) which have similar investment objectives and/or strategies as the Fund.

The Fund will invest not more than 50% of its Net Asset Value in debt securities that are below investment grade or unrated.

“Investment grade” is defined as a credit rating of BBB- or above by Standard & Poor's, Baa3 or above by Moody's, BBB- or above by Fitch or an equivalent rating by other recognised rating agencies. In respect of

Mainland Chinese securities, “below investment grade” is defined as a credit rating of BB+ or below as rated by any PRC domestic credit rating agencies.

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 and/or PRC domestic credit rating agencies, if the credit ratings of the debt securities differ amongst credit rating agencies, the highest available rating assigned will be used for the purpose of this determination. While the credit ratings provided by the relevant rating agencies serve as a point of reference, the Sub-investment Manager will conduct its own assessment on the credit quality based on various factors.

The Fund may invest in onshore debt securities (via the China Interbank Bond Market and/or Bond Connect) and offshore debt securities issued by entities domiciled in Mainland China or with a significant portion of their business activities conducted in Mainland China.

The Fund invests with no prescribed criteria on the country or industry sector within the Asia Pacific region (excluding Japan). Subject to the economic and market conditions in Greater China, the Fund may invest up to 30% of its Net Asset Value in China A-shares and onshore Chinese debt securities.

The Fund may invest not more 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 or contingent conversion to ordinary shares on the occurrence of either of the following events: (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).

Other Investments

The Fund may invest up to 30% of its Net Asset Value in other collective investment schemes (including exchange-traded funds), which have similar investment objectives and/or strategies as the Fund. The Fund may invest up to 10% of its Net Asset Value in collective investment schemes that are non-eligible schemes as defined under the Code on Unit Trusts and Mutual Funds and are not authorised by the Securities and Futures Commission.

The Fund may hold up to 30% of its Net Asset Value in cash or cash equivalents for cash flow management under exceptional market conditions, e.g. significant economic downturns, market crash, major crisis, political turmoil or legal or regulatory or policy uncertainty.

The Fund may invest in financial derivative instruments for hedging and investment purposes (such as investments in participatory notes).

The Manager has no intention to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Fund.

Asset Allocation

The asset allocation of the Fund is determined by the Manager and depends on the views of the Manager and the Sub-investment Manager on fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as the risk and return characteristics of equities and bonds in the Asia Pacific region (excluding Japan), the expected generated income, product positioning against peer products and concentration in specific industries or sectors.

Use of derivatives / investment in derivatives

The 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 “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.

Risk relating to Dynamic Asset Allocation Strategy

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

Equity market risk

- ❖ The 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, economic and social conditions and issuer-specific factors.

Risks associated with investing in Fixed Income Instruments

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

- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ Sovereign Debt Risk: The Fund's investment in 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 Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.

General risks of investments associated with an Emerging Market

- ❖ Investing in an emerging market 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. Such risks may result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.
- ❖ Securities exchange(s) in emerging market(s) typically have the right to suspend or limit trading in any security traded on the relevant exchange(s). The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

Concentration Risk

- ❖ The Fund invests with no prescribed concentration on industry sector or specific countries, but may be concentrated in a particular industry sector or a specific country from time to time. In addition, the Fund's investments are concentrated in the Asia Pacific region (excluding Japan). Accordingly, the value of the Fund may be more volatile than that of a fund having at the relevant times a more diverse portfolio of investments, and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant industry sectors or countries.

General risks of investments associated with investments in the PRC

- ❖ The Fund's investments may be concentrated in equities or debt securities issued by entities domiciled in Mainland China or with a significant portion of its business activities conducted in Mainland China. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Mainland China.

RMB Currency and Conversion Risks

- ❖ RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of an investor's investment in the Fund. 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 redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Currency Hedging Risk

- ❖ The Fund may attempt to hedge the currency of denomination of a Class of Units against the base currency of the Fund or the currency of the underlying assets. The costs of hedging transactions will be reflected in the Net Asset Value of such Class of Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.
- ❖ If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.
- ❖ There is no assurance that hedging will be effective and Unitholders may still be subject to the currency exchange risk. Any profits or losses from currency hedging shall accrue to the value of the relevant currency hedged classes.
- ❖ When the Manager seeks to hedge against currency fluctuations, while it is not the intention, this could result in over-hedged or under-hedged positions. Furthermore, risks associated with leverage may arise from the derivative positions of the hedging transactions as a result of over-hedging the currency exposure. Unitholders of a hedged class may have exposure to currencies other than the denominated

currency of that hedged class. It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to the Fund's base currency and/or the currency of the underlying asset, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Fund's base currency and/or the currency of the underlying asset relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Fund's base currency and/or the currency of the underlying asset.

- ❖ Unitholders whose base currency is different from the currency of the hedged class may be exposed to additional currency risk.

Currency and exchange rate control Risk

- ❖ A class of Units may be designated in a currency other than the base currency of the Fund. The underlying investments of the Fund may include securities denominated in currencies other than the base currency of the Fund and the class currencies of the respective classes of Units of the Fund. The Net Asset Value of the Fund and the distribution (if any) may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Fund's base currency and the class currencies of the respective classes of Units of the Fund, and by changes in exchange rate controls.

Risks associated with Distribution out of the Fund's Capital

- ❖ Payment of distributions 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.

Reliance on Sub-investment Manager Risk

- ❖ The Manager has delegated the investment discretion of the Fund to the Sub-investment Manager and will rely on the Sub-investment Manager's expertise and systems for the Fund's investments in debt securities only. Any disruption in the communication with or assistance from the Sub-investment Manager or a loss of service of the Sub-investment Manager or any of its key personnel may adversely affect the operations of the Fund.

Distribution Risk for Currency Hedged Classes

- ❖ The distribution amount and/or rate of the currency hedged classes may be more than or less than such amount and/ or rate of the Class of unit which is denominated in the Fund's base currency due to various factors, including but not limited to short-term interest rate differentials. Interest rate differentials means differences in interest rates of the denominated currency of the hedged class and the Fund's base currency. When the interest rate of the denominated currency of the hedged class is lower than the Fund's base currency, the distribution amount and/or rate of the currency hedged classes may be less than that of the Class of unit which is denominated in the Fund's base currency, vice versa.
- ❖ The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by the interest rate differentials, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than non-hedged classes.

How has the Fund performed?

- ❖ There is insufficient data to provide a useful indication of past performance to investors as the Fund is newly launched for less than a full calendar year.

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?

The fees and charges (if any) for Class I Units and Class Z Units are available from the Manager on request.

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 USD – Income Units Class A HKD – Income Units Class A RMB (Hedged) – Income Units Class A AUD (Hedged) – Income Units Class D HKD – Accumulation Units Class P USD – Income Units	Up to 3.0% of the issue price of the Fund
Switching Fee	Class A USD – Income Units Class A HKD – Income Units Class A RMB (Hedged) – Income Units Class A AUD (Hedged) – Income Units Class D HKD – Accumulation Units Class P USD – Income Units	Up to 2.0% of the issue price of the Fund
Redemption Fee	Class A USD – Income Units Class A HKD – Income Units Class A RMB (Hedged) – Income Units Class A AUD (Hedged) – Income Units Class D HKD – Accumulation Units Class P USD – Income 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 [^]	Class A USD – Income Units	1.5%
	Class A HKD – Income Units	1.5%
	Class A RMB (Hedged) – Income Units	1.5%
	Class A AUD (Hedged) – Income Units	1.5%
	Class D HKD – Accumulation Units	1.5%

	Class P USD – Income Units	1.0%
Trustee Fee [^]	Class A USD – Income Units Class A HKD – Income Units Class A RMB (Hedged) – Income Units Class A AUD (Hedged) – Income Units Class D HKD – Accumulation Units Class P USD – Income Units	0.1% (subject to a minimum monthly trustee fee of USD5,000)

[^] Please note that the annual rate stated is the maximum rate that can be charged currently as specified in the Term Sheet of the Fund. It may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum by giving one 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

- ❖ You generally redeem Units at the Fund's next-determined Net Asset Value.
- ❖ For a redemption request 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 cut-off 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[▲].
- ❖ The compositions of the distributions (if any) (i.e. the percentages of distributions 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[▲].
- ❖ The Manager may at its discretion pay distribution out of the capital or effectively out of the capital of the Fund. The Manager may amend this by giving not less than one month's prior notice to relevant Unitholders.
- ❖ Investors may obtain other information of the Fund from the website www.hangsenginvestment.com[▲].

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.

[▲] This website has not been reviewed by the SFC.