

# PRODUCT KEY FACTS

## BOCHK Global Bond Fund

a sub-fund of  
BOCHK Investment Funds

29 April 2022

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Ongoing charges over a year:</b>	Class A – USD Units, Class A – HKD Units and Class A – RMB Units <sup>#</sup> : 0.88% Class A – Administration USD Units <sup>^</sup> : 1.24%
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	<p><i>Class A – USD Units:</i> Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000</p> <p><i>Class A – HKD Units:</i> Initial: HK\$10,000 Addition: HK\$10,000</p> <p><i>Class A – RMB Units:</i> Initial : the RMB equivalent amount of HK\$10,000 Addition : the RMB equivalent amount of HK\$10,000</p> <p><i>Class A – Administration USD Units:</i> Initial : Nil Addition : Nil</p>

<sup>#</sup> The ongoing charges figure is based on expenses for the period ended 30 September 2021. This figure may vary from year to year. Since Class A – USD Units, Class A – HKD Units and Class A – RMB Units have the same fee structure, a single ongoing charges figure can be calculated and published.

<sup>^</sup> Since Class A – Administration USD Units is newly launched, the figure is only the Manager’s best estimate of the expenses chargeable to such class expressed as a percentage of such class’ estimated average net asset value over the first year of launch. The actual figure may be different upon actual operation of such class and may vary from year to year.

**What is this product?**

BOCHK Global Bond Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund is a bond fund which seeks to provide a stable income stream and long-term capital appreciation through investing at least 70% of its non-cash assets in a portfolio in bonds denominated in various major world currencies. Major world currencies include but are not limited to US Dollar, British Sterling, Euro, Japanese Yen and Renminbi (“RMB”).

The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP) including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may invest less than 15% of its Net Asset Value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may only be invested through the Bond Connect<sup>1</sup>).

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

**Use of derivatives / investment in derivatives**

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

**What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**1. General investment risk**

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

**2. Currency risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

**3. Interest rate risk**

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

<sup>1</sup> The Bond Connect is a mutual bond market access scheme between Mainland China and Hong Kong. Under the Northbound Trading of the Bond Connect, eligible foreign investors can invest in the China interbank bond market.

**4. Liquidity and volatility risks**

- The markets for debt and fixed income instruments may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.
- Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value.

**5. Credit / counterparty risk**

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

**6. 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.

**7. Downgrading risk**

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

**8. Sovereign debt risk**

The Sub-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 Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

**9. Risks associated with the Bond Connect and China interbank bond market**

The Sub-Fund may invest in debt securities through the Bond Connect and may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity. These may result in prices of certain debt securities traded on such market fluctuating significantly. The bid and offer spread of the prices of such securities may be large, and the Sub-Fund may incur significant trading and realisation costs and may potentially suffer losses when disposing of such investments.

**10. "Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks**

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB ("CNH") market by the relevant regulator(s).

**11. Valuation risk**

Valuation of the Sub-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 Sub-Fund.

**12. Derivative Instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation, settlement and over-the-counter transaction risks. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or can result in a loss significantly greater than the amount invested in the derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

**13. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**14. Emerging market / PRC market risk**

Investing in emerging markets / the PRC 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.

**15. 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 the investors' investment in the Sub-Fund. Although 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 distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.
- The Sub-Fund may also be subject to bid/ offer spread and currency conversion costs when converting to and from US dollars and RMB.

**16. Risk relating to those class(es) of units denominated in a currency other than the base currency**

The Sub-Fund will be exposed to foreign exchange risk because Units can be subscribed and redeemed in a currency other than in US dollars which is the base currency of the Sub-Fund. The returns to investors for those class(es) of Units denominated in a currency other than the base currency may be different from the return calculated by reference to the base currency when converted back into the currency in which the investors subscribe and redeem due to fluctuations in the currency markets. The returns may go down and adversely impact the investors. The Sub-Fund will also be subject to bid/offer spread on currency conversion and transaction costs. Such foreign exchange risk may result in capital loss to the Sub-Fund and its investors.

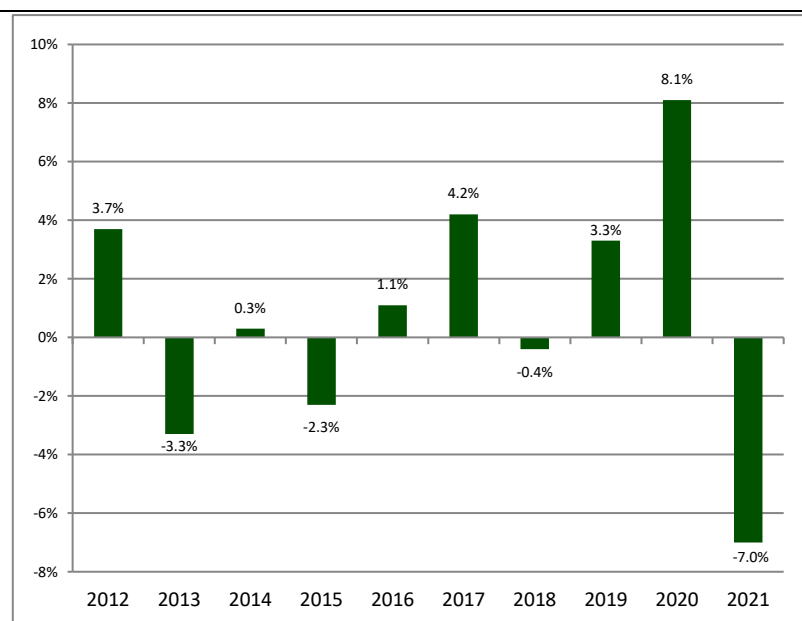
**17. Cross-class liability risk**

Although for the purposes of fund accounting, different fees and charges will be allocated to each class, there is no actual segregation of liabilities between different classes of Units. As such, in the event of insolvency or termination of the Sub-Fund, i.e. where the assets of the Sub-Fund are insufficient to meet its liabilities, all assets will be used to meet the Sub-Fund's liabilities, not just the amount standing to the credit of any individual class of Units.

**18. Risk associated with instruments with loss-absorption features**

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger event, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

## How has the Sub-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 distributions reinvested.
- Class A – USD Units is selected as representative class because this class is mainly subscribed by Unitholders.
- These figures show by how much Class A – USD Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding initial charge and redemption charge you might have to pay.
- Class A – USD Units was launched in 2002, Class A – HKD Units and Class A – RMB Units were launched in 2021, and Class A – Administration USD Units was launched in 2022.
- Only Class A Units (including Class A – USD Units, Class A – HKD Units, Class A – RMB Units and Class A – Administration USD Units) are currently available.

## Is there any guarantee?

The Sub-Fund does not provide 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 Class A Units of the Sub-Fund.

<b><i>Fee</i></b>	<b><i>What you pay</i></b>
<b>Initial charge</b>	For Class A – USD Units, Class A – HKD Units and Class A – RMB Units: Up to 3% of the issue price For Class A – Administration USD Units: Currently waived

<b>Switching fee</b> (as a % of the issue price of the New Class of Units to be issued)	<p>For switching from Units other than Administration Classes of Units into a different class of Class A Units (other than Administration Classes of Units) relating to the same Sub-Fund (such as switching between different currency classes of Units or from Accumulation Classes to Distribution Classes or vice versa) or switching into Class A Units (other than Administration Classes of Units) of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund") : 1%</p> <p>For switching from Administration Classes of Units into a different class of Class A Units relating to the same Sub-Fund or switching into Class A units of another Non-Money Market Sub-Fund : Up to 1%, currently waived</p> <p>For switching into Units of a Money Market Sub-Fund : Nil</p>
<b>Redemption charge</b>	Nil

### 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 Net Asset Value)*

<b>Management fee</b>	0.75% (current and maximum)
<b>Trustee fee</b>	<p>For Class A – USD Units, Class A – HKD Units and Class A – RMB Units:</p> <p>0.125% on the first US\$25 million;  0.10% on the next US\$25 million;  0.0875% on the remaining balance;  Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*</p> <p>For Class A – Administration USD Units: 0.45%</p>
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three (3) months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 55 to 61 of the Explanatory Memorandum.

### Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).

- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per Unit of each class of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- The past performance information of other classes of Units offered to Hong Kong investors is available on the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).
- Other information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).
- Information contained in the website of the Manager has not been reviewed by the SFC.

### **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.