



輝立資本管理(香港)有限公司

PHILLIP CAPITAL MANAGEMENT (HK) LIMITED

## PRODUCT KEY FACTS

Phillip Wealth Funds  
Phillip HKD Money Market Fund

October 2022

Issuer: Phillip Capital Management (HK) 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>	Phillip Capital Management (HK) Limited
<b>Trustee:</b>	BNP Paribas, acting through its Hong Kong Branch
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class A: 0.24%
<b>Dealing frequency:</b>	Daily on each Hong Kong business day (excluding any Saturday)
<b>Base currency:</b>	HKD
<b>Dividend policy:</b>	No dividend is to be declared or paid
<b>Financial year end of this fund:</b>	31 December
<b>Minimum initial investment:</b>	Class A: HKD10
<b>Minimum subsequent investment:</b>	Class A: HKD10

<sup>#</sup> The ongoing charges figure for each class of shares is based on ongoing expenses chargeable to the relevant class for the year ended 31 December 2021 expressed as a percentage of the average net asset value of the relevant class for the same period. This figure may vary from year to year. The amortised portion of the set-up costs of the Sub-Fund is included in the calculation of the ongoing figures.

### What is this product?

The Phillip HKD Money Market Fund ("**Sub-Fund**") is a sub-fund of Phillip Wealth Funds, which is a unit trust established as an umbrella fund under the laws of Hong Kong.

**Investors should note that purchase of a unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant net asset value ("NAV"). The manager has no obligation to redeem units at the offer value.**

## Objectives and Investment Strategy

### Objective

The Sub-Fund's objective is to invest primarily in HKD-denominated money market instruments, short-term debt securities and short-term deposits, as more fully described and subject to the conditions set forth under "Investment Strategy" below. The Sub-Fund seeks to preserve principal value and to maintain a high degree of liquidity while generating a higher rate of return as compared to personal deposits of the base currency.

### Investment Strategy

The Sub-Fund seeks to invest primarily i.e. not less than 70% of its NAV in (i) HKD-denominated money market instruments and short-term debt securities issued by governments, quasi-government organisations, supra-national organisations, multinational organisations, financial institutions and other corporations and (ii) HKD-denominated short-term deposits (the "**HKD-denominated Investments**"). The Sub-Fund may also invest up to 30% of its NAV in (i) USD-denominated short-term bonds, commercial paper, certificates of deposits, commercial bills and Government and other public securities (as defined below) and (ii) USD-denominated short-term deposits, which may be subject to currency hedging at the discretion of the manager (the "**USD-denominated Investments**"). The Sub-Fund may utilize financial derivative instruments ("**FDIs**"), including interest rate swaps and currency swaps, for the purpose of hedging only.

### Weight average maturity and weighted average life

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities (i.e. any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies).

### Credit rating

For short-term deposits, the Sub-Fund will only place deposits with Eligible Financial Institutions. An "Eligible Financial Institution" is a financial institution which has a minimum short-term rating of F1 by Fitch Ratings Inc. ("**Fitch**"), P-1 by Moody's Investors Service, Inc. ("**Moody's**") or A-1 by Standard and Poor's Financial Services LLC ("**S&P**") (including sub-categories or gradations therein).

The target investment allocation of the Sub-Fund to the HKD-denominated Investments, subject to the conditions set forth below, is 70% (minimum) to 100% (maximum) of the Sub-Fund's NAV. Up to 30% (maximum) of the Sub-Fund's NAV may be held in the USD-denominated Investments. Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may temporarily invest up to 100% of the Sub-Fund's NAV in cash or cash equivalents under exceptional circumstances.

All investments in money market instruments and short-term debt securities must be determined by the manager to be of high quality where such instruments or the issuers of such instruments, shall be rated with either a minimum short-term rating of F1 by Fitch, P-1 by Moody's or A-1 by S&P or, where it only has a long-term rating, a minimum rating of A by Fitch, A2 by Moody's or A by S&P (including such sub-categories or gradations therein) or if unrated (including those rated other than by the foregoing three agencies and those that do not have a credit rating), deemed by the manager to be of comparable quality. The manager shall disclose to the trustee its internal policies and procedures relating to the determination of a "comparable quality" (as further described in the Explanatory Memorandum) and shall provide a monthly confirmation to the trustee that such investments meet the manager's internal rating requirements.

The Sub-Fund's approach to managing liquidity and enhancing returns is to diversify across assets types of varying tenure as follows: (i) cash; (ii) bank time deposits or certificates of deposit with a tenure of one year or less; (iii) bonds with a remaining term of 397 days or less; and (iv) Government and other public securities with a term of less than two years.

Subject to the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total NAV of the Sub-Fund except: (i) where the entity is a substantial financial institution (as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC, as amended from time to time (the "**Code**")) and the total amount does not exceed 10% of the entity's share and non-distributable capital, the limit may be increased to 25%; (ii) in the case of Government and Other Public Securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 or its equivalent in HKD, where the Sub-Fund cannot otherwise diversify as a result of its size.

Notwithstanding Chapters 7.1A and 7.1B of the Code, the aggregate value of the Sub-Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its total NAV except: (i) in respect of any cash deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and (ii) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable reserves, the limit may be increased to 25%.

The Sub-Fund will not invest in securities that do not comply with the conditions stated above.

The Manager will not enter into any stock lending, repurchase or reverse-repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund. If this changes in the future, prior approval of the SFC will be sought and not less than one month's notice will be provided to unitholders before the Sub-Fund and/or the manager enter(s) into any such transaction.

The Sub-Fund may borrow up to 10% of its total NAV but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

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

The fund's net derivative exposure may be up to 50%.

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

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

- **Investment risk**

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

- **Risks associated with fixed income instruments**

*Credit risk*

- Investment in fixed income instruments is subject to the credit risk of the issuers. Issuers may be unable or unwilling to make timely payments of principal and/or interest or may experience a default or credit rating downgrading, which may adversely affect the value of the Sub-Fund. Changing market conditions or other significant credit events such as credit rating downgrades may also create uncertainties in the Sub-Fund's valuation and subject it to increased liquidity risk. The manager may or may not be able to dispose of the debt securities that are being downgraded in a timely manner.

*Interest rate risk*

- Investment in the Sub-Fund is subject to interest rate risk. In general, the price of debt securities rises when interest rates fall and the price falls when interest rates rise.

*Sovereign debt risks*

- The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, 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 debt. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

*Liquidity risk*

- There is a risk that investments made by the Sub-Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the Sub-Fund's value.

*Valuation risk*

- Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such value turns out to be incorrect, this may affect the NAV calculation of the Sub-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.

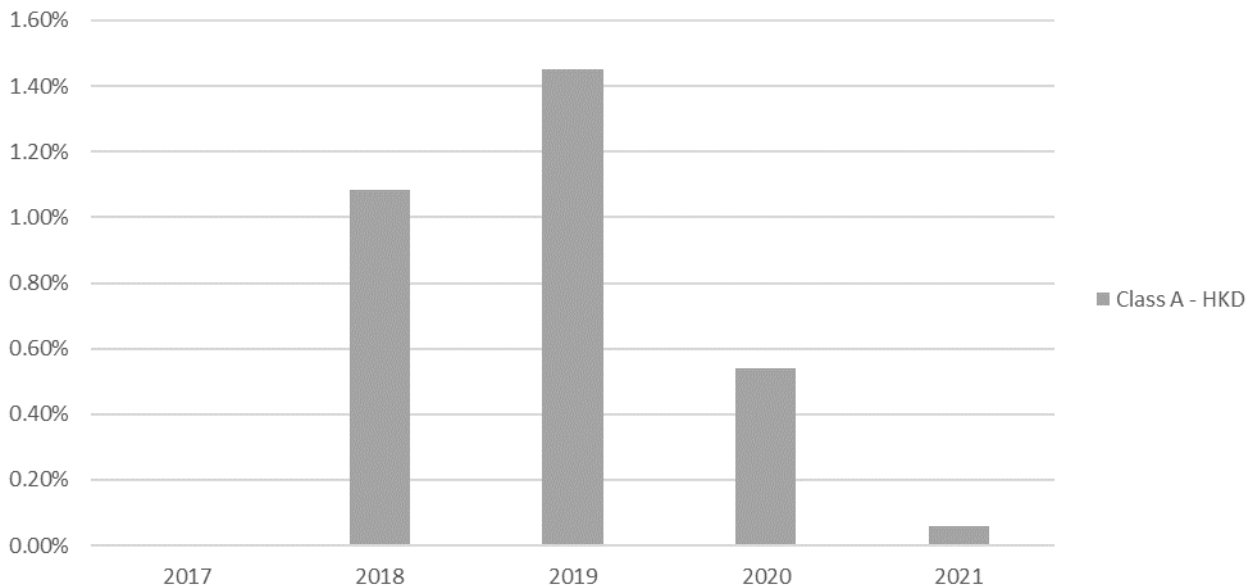
- **Currency risk**

- Underlying investments of the Sub-Fund may be denominated in currencies other than HKD. Also, a class of shares may be designated in a currency other than HKD. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in exchange rates between HKD and such other currencies.

- **Concentration risk**

- The Sub-Fund's investments are concentrated in HKD-denominated instruments. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. 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 Hong Kong market.

## How has the fund performed?



2017	2018	2019	2020	2021
-	1.09%	1.45%	0.54%	0.06%

- 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 last valuation day of the calendar year, NAV to NAV, with distributions reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Class A launch date: 2017

## Is there any guarantee?

The 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	Nil

Switching fee (i.e. conversion fee)	Nil
Redemption fee	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.

	<b>Annual rate (as a % of the Sub-Fund's NAV)</b>
Management fee	Up to 0.50%*
Custodian fee	Up to 0.50% as a safekeeping fee; and Up to USD133.00 per transaction as a transaction fee***
Performance fee	Nil
Trustee fee**	Current rate 0.030% (inclusive of fees payable of the Registrar and Transfer Agent)*
Fund accounting fee**	Current rate 0.025%

### Other fees

You may have to pay other fees when dealing in the units of the Sub-Fund.

\* You should note that the current rate of such fees may be increased, up to a specified permitted maximum as disclosed in the explanatory memorandum, 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.

\*\* Subject to a minimum annual fee of USD35,000 in aggregate for the trustee fee and fund accounting fee.

\*\*\* The custodian shall charge the Sub-Fund safekeeping fees and transaction fees at different rates depending on the markets where assets of the Sub-Fund are held.

### **Additional information**

- You generally buy and redeem units at the Sub-Fund's next determined NAV, after your request is received in good order at or before 11:00 am (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription or redemption orders, 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 NAV of the Sub-Fund is calculated and the price of units is published on each business day. The NAV and price of units are available online at [www.poems.com.hk](http://www.poems.com.hk). This website 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.