PRODUCT KEY FACTS

BOCHK RMB Fixed Income Fund

a sub-fund of

the 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

Fund Manager:	BOCI-Prudential Asset Management Limited (the "Manager")
Trustee and Registrar:	BOCI-Prudential Trustee Limited
Ongoing charges over a year#:	1.13%
Dealing frequency:	Daily (Hong Kong business days, other than Saturdays)
Base currency:	Renminbi ("RMB")
Distribution policy:	- Quarterly basis (by the end of March, June, September and December of each year, subject to the Manager's discretion) - Distributions will normally be made out of net income received or receivable but the Manager may in its absolute discretion determine that distributions be paid out of capital. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.
Financial year end:	31 March
Minimum investment:	*Class A – RMB Units:* Initial : RMB10,000 Addition : RMB10,000 *Class A – HKD Units:* Initial : HK$10,000 Addition : HK$10,000 *Class A – USD Units:* Initial : US dollar equivalent amount of HK$10,000 Addition : US dollar equivalent amount of HK$10,000

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 Units (including Class A – RMB Units, Class A – HKD Units and Class A – USD Units) had the same fee structure, a single ongoing charges figure can be calculated and published.

What is this product?

- BOCHK RMB Fixed Income 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. The Sub-Fund is a fixed income fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds.
- The Sub-Fund is denominated in RMB.

Objectives and Investment Strategy

The Sub-Fund seeks to provide investors with long-term capital appreciation through investing in a portfolio primarily (not less than 70% of its Net Asset Value) consisting of RMB denominated and settled fixed rate or floating rate debt instruments. The issuers of the debt instruments include government, quasi-governmental bodies, banks, financial institutions or other corporate entities which may or may not be established or incorporated in Mainland China. The Sub-Fund's debt investment may include RMB denominated and settled government bonds, commercial papers, convertible bonds, bank certificates of deposit, negotiated term deposits with banks, short-term bills and notes. The RMB denominated and settled debt instruments that the Sub-Fund may invest may be issued or distributed (i) outside Mainland China ("Dim Sum bonds") and/or (ii) within Mainland China (which may only be invested through Bond Connect[1]). Such debt instruments may be listed or unlisted.

The Sub-Fund may invest up to 30% of its Net Asset Value in bonds that are below investment grade (as defined below) and/or unrated (as defined below).

For the purpose of the Sub-Fund,

(i) "investment grade" means, a minimum credit rating of Baa3 by Moody's Investor Services, Inc., or BBB− by Standard & Poor's Corporation or Fitch Ratings or an equivalent rating by other internationally recognised rating agencies or if the credit rating is only designated by a People's Republic of China (the "PRC") credit rating agency, a minimum credit rating of BBB−;

(ii) if a bond itself does not have a credit rating, the Manager will consider the credit rating of the issuer /guarantor of the bond, which will be deemed as the implied rating of the bond; and

(iii) "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating.

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 will not invest through any Qualified Foreign Investors/ Qualified Investors or QI[2].

The Sub-Fund will not invest:

(i) more than 10% of its Net Asset Value in Urban Investment Bonds, which are debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and China interbank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects;

(ii) more than 20%of its Net Asset Value in collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers); and

(iii) more than 10% of its Net Asset Value in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade

Currently, the Sub-Fund will not invest in any derivatives for non-hedging purposes or be engaged in any securities lending activities, share repurchase agreement or similar OTC transactions.

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.

---

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

[2] Under the prevailing rules and regulations in the PRC, Qualified Foreign Investors/ Qualified Investors or QI refers to foreign institutional investors who are approved as such, including Qualified Foreign Institutional Investors (QFII) or RMB Qualified Foreign Institutional Investors (RQFII) previously approved, by the China Securities Regulatory Commission (CSRC) to invest in the PRC securities and futures markets with funds raised overseas.

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 of dividend or distribution payments.
- Investing in the Sub-Fund is not the same as deposits with a bank. There is no guarantee in respect of repayment of principal. Investors' investment in the Sub-Fund may suffer losses.

2. RMB currency and conversion risks

- RMB is currently not freely convertible and is subject to exchange controls and repatriation restrictions imposed by the Chinese government. Conversion between RMB and other currencies is also subject to policy restrictions relating to RMB and the relevant regulatory requirements in Hong Kong. There is no guarantee that RMB will not depreciate or RMB will not be subject to devaluation. Any depreciation or devaluation of RMB could adversely affect the value of the investors' investments in the Sub-Fund.
- The exchange rate of the offshore RMB ("CNH") rather than onshore RMB ("CNY") will be applied in calculating the value of non-RMB denominated or settled assets and the prices of non-RMB denominated classes of Units. Although CNH and 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 will also be subject to bid/offer spread on currency conversion and transaction costs.

3. Liquidity risks

- There may not be a liquid or active market for the trading of RMB denominated debt instruments or deposits.
- The bid and offer spread of the price of RMB debt securities may be large. Therefore, the Sub-Fund may incur significant trading and realisation costs and may suffer significant losses when selling such investments.

4. 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.

5. Single country and concentration risk

- The Sub-Fund's investment are concentrated in Mainland China. 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 PRC market.

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

The Sub-Fund may invest in debt securities through 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.

7. "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).

8. 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.

9. 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.

10. 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.

11. Risks associated with debt securities which are of non-investment grade or unrated bonds

The Sub-Fund may invest in debt securities which are of non-investment grade or unrated Bonds. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

12. Credit rating agency risk

The credit appraisal system in the Mainland China and the rating methodologies employed in the Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

13. 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.The Sub-Fund may suffer a loss in disposing of fixed income securities before their maturity.

14. Risk associated with urban investment bonds (城投債)

Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the Mainland. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

15. 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.

16. PRC tax risk

- There are risks and uncertainties associated with the current PRC tax rules and practices, the changes to which may have retrospective effect. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- In light of Bulletin [2021] No. 34 on tax treatment for Overseas Institutional Investors ("OIIs") investing in China bond market dated 22 November 2021 jointly issued by the Ministry of Finance of the PRC ("MOF") and the PRC State Taxation Administration ("STA") specifying that the interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from withholding income tax ("WHT") and value-added tax ("VAT") effective from 7 November 2021 to 31 December 2025, the Manager has, acting in accordance with independent professional tax advice, determined that it will not make WHT provision and VAT provision on the Sub-Fund's interest income derived from onshore PRC debt instruments from 7 November 2018 onwards until 31 December 2025.

- If the Sub-Fund has greater tax liabilities in the PRC than provided for, any shortfall between the provision and actual tax liabilities will be debited from the Sub-Fund's assets and cause the Sub-Fund's Net Asset Value to be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, investors who have already redeemed their Units in the Sub-Fund before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

17. Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers)

The Sub-Fund may invest in asset backed securities (including asset backed commercial papers) or mortgage backed securities which 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.

18. 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.

19. Risk relating to class of Units denominated in a currency other than the base currency

Investors of class of Units denominated in a currency other than the base currency will be exposed to exchange rate risk. The Net Asset Value of such class of Units may be affected unfavorably by fluctuations in the exchange rates and by changes in exchange rate controls.

20. 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.

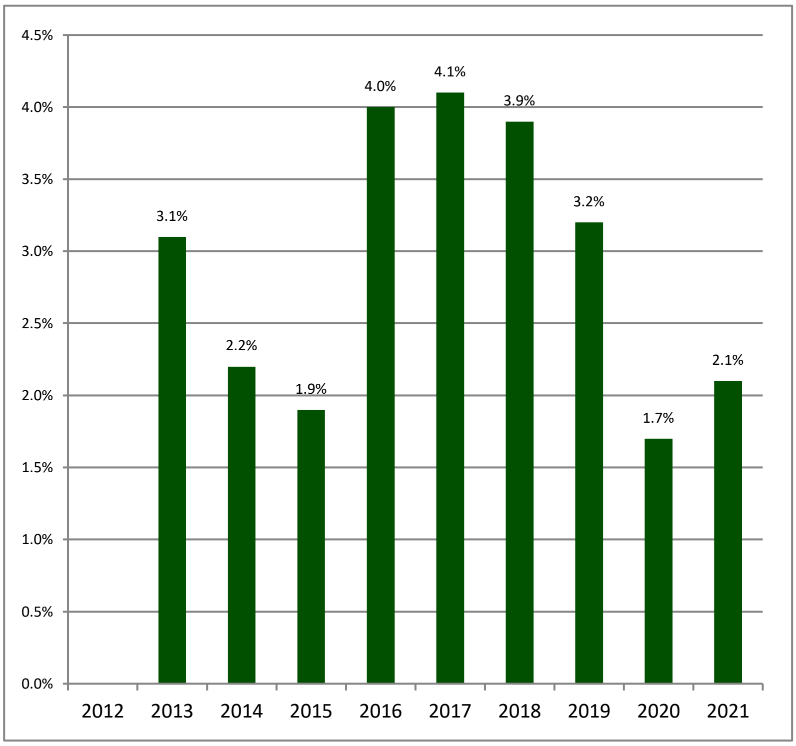
21. Risk in relation to distribution

- The Manager may in its absolute discretion determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging/paying all or part of the fees and expenses to/out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.
- Payment of distributions out of capital and/or effectively 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 of the relevant class.

22. 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 - RMB is selected as representative class because this class is mainly subscribed by Unitholders.
- These figures show by how much Class A - RMB Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding initial charge and redemption charge you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Class A - RMB Units, Class A – HKD Units and Class A – USD Units were launched in 2012.
- Only Class A Units (including Class A – RMB Units, Class A – HKD Units and Class A – 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.

Fee	***What you pay***
Initial Charge	Maximum up to 3% of the issue price
Switching fee *(as a % of the issue price of the New Class of Units to be issued)*	*Class A – RMB Units, Class A – HKD Units & Class A – USD Units:* - For switching between Class A – RMB Units, Class A – HKD Units and Class A – USD Units relating to the Sub-Fund or switching into Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum): 1% - For switching into Units of a Money Market Sub-Fund : Nil
Redemption Charge	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)
Management fee	0.75 %, up to a maximum of 2%* *(The portion for investments in cash and deposit (excluding investment in certificates of deposit and commercial papers) is waived.)*
Trustee fee	0.125% on the first RMB 200 million; 0.10% on the next RMB 200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of RMB 20,000 and up to a maximum of 1% *
Performance fee	Nil
Administration fee	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) 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).
- Other information of the Sub-Fund including the compositions of distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can also be found at the Manager's website (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.