瀚亞投資 eastspring investments

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PRODUCT KEY FACTS

Eastspring Investments – China Bond Fund

Issuer: Eastspring Investments (Luxembourg) S.A. July 2022

- **This statement provides you with key information about Eastspring Investments – China Bond Fund (the "Sub-Fund").**
- **This statement is a part of the Hong Kong Summary Prospectus.**
- **You should not invest in the Sub-Fund based on this statement alone.**

Quick facts

Management Company:	Eastspring Investments (Luxembourg) S.A.
Investment Manager:	Eastspring Investments (Singapore) Limited (internal delegation, in Singapore)
QFII/RQFII Holder:	Eastspring Investments (Singapore) Limited
Depositary:	The Bank of New York Mellon SA/NV Luxembourg branch
PRC Custodian:	HSBC Bank (China) Company Limited
Ongoing Charges over a year:	Class A#: 1.05% Class A_{DM}^: 1.05% Class A_H^: 1.05% Class A_{HDM}^: 1.05%

As the Sub-Fund has adopted a new expense model with effect from 1 July 2022, this ongoing charges figure is an estimate based on the estimated charges to the Share Class for a 12-month period and is expressed as a percentage of the estimated average net asset value of such Share Class over the same period. This figure may vary from year to year.

^ The ongoing charges figure for this Share Class is an estimate only as the Share Class is newly launched. The figure represents the sum of the estimated ongoing expenses chargeable to the relevant Share Class over a 12-month period expressed as a percentage of the estimated average net asset value of the relevant Share Class over the same period, taking into account that the Sub-Fund has adopted a new expense model with effect from 1 July 2022. The actual figure may be different upon actual operation of the Share Class and the figure may vary from year to year.

Dealing Frequency:	Daily (A full bank business day in Luxembourg and Hong Kong, and in the country or countries where the assets of the Sub-Fund are primarily invested)
Base Currency:	USD

Dividend Policy:	Class A, Class A_H	No dividends will be declared or paid
	Class A_{DM}, Class A_{HDM}	Dividends may be declared and paid on a monthly basis

The board of directors may at its discretion pay dividends out of the capital of the Sub-Fund or pay dividends out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of capital. Payment of dividends 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 investment. Any distributions involving payment of dividends out of capital and/or effectively out of capital may result in an immediate reduction of the net asset value per share.

The board of directors may amend the distribution policy subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to investors (if required).

Financial Year End of this Sub-Fund: 31 December

Minimum Investment:

Share Class	Initial	Subsequent
Class A, Class A_{DM}	USD500	USD50
Class A_H, Class A_{HDM}	HKD4,000	HKD400

What is this product?

Eastspring Investments – China Bond Fund is a sub-fund of Eastspring Investments which is an open-ended investment company registered in Luxembourg. Its home regulator is Commission de Surveillance du Secteur Financier ("CSSF"), Luxembourg.

Objective and Investment Strategy

Objective and Strategy

The Sub-Fund seeks to maximise total return by investing at least 70% of its net assets in fixed income/debt securities denominated in Renminbi (offshore Renminbi (CNH) or onshore Renminbi (CNY)[6]). The Sub-Fund may also invest in non-Renminbi denominated securities.

Investments in Chinese onshore fixed income/debt securities, which will be at least 70% and may be up to 100% of the Sub-Fund's net assets, will be through the China interbank bond market direct access program (the "CIBM Direct Access Program"), QFII/RQFII[7] and/or China Hong Kong Bond Connect ("Bond Connect"). The Sub-Fund may invest less than 30% of its net assets in fixed income/debt securities rated below investment grade (i.e. rated below BBB – by Standard & Poor's or comparable ratings by Moody's Investors Services or Fitch Ratings) or if unrated, determined by the Investment Manager to be of comparable quality. For the purpose of this Sub-Fund, the term "unrated" fixed income/debt securities are defined to mean that neither the fixed income/debt security itself, nor its issuer has a credit rating by Standard & Poor, Moody's Investors Services or Fitch Ratings. The Sub-Fund may invest up to 100% of its net assets in unrated fixed income/debt securities which the Investment Manager considers to be of comparable quality to a security rated investment grade (i.e. rated BBB – or above by Standard & Poor's or comparable ratings by Moody's Investors Services or Fitch Ratings).

This Sub-Fund may invest up to 20% of its net assets in ABS, MBS, Contingent Convertible Bonds ("CoCos"), Distressed Securities and Defaulted Securities, with a limit of 10% for Distressed Securities and Defaulted Securities combined. The Sub-Fund may invest less than 30% of its net assets in debt instruments with loss absorption features out of which up to 10% of its net assets may be invested in CoCos with loss absorption features (such as Additional Tier 1 capital and Tier 2 capital instruments with mechanical triggers (i.e. debt instruments with write-down or conversion into equity features with pre-specified triggers)) and up to 20% of its net assets in non-preferred senior debt and other subordinated debts with loss absorption features. In addition, this Sub-Fund may invest up to 10% of its net assets in synthetic fixed income instruments (including credit-linked notes). It may also hold up to 10% of its net assets in equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation.

The maximum permissible allocation to fixed income/debt securities issued by the government of China shall be 100% of the Sub-Fund's net assets. The Sub-Fund may invest less than 30% of its net assets in urban investment bonds which are debt instruments issued by local government financing vehicles ("LGFVs") and dim sum bonds respectively.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one sector or any companies with a particular market capitalisation.

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[6] Although CNH and CNY are the same currency, they are traded or offered on separate markets. Therefore they are traded at different rates and their movements may not always be in the same directions, which may expose the Sub-Fund to foreign exchange/currency risk.

[7] QFII and RQFII regime have been merged and the previously separate requirements for QFII and RQFII qualifications are unified. Since the Investment Manager has been granted with RQFII license by CSRC, the Investment Manager shall automatically be regarded as a QFII/RQFII License Holder, and may freely select to use funds in foreign currencies to carry out PRC domestic securities and futures investment as long as separate cash accounts for receiving such cash are duly opened.

The Sub-Fund may use up to 25% of its net assets for securities lending transactions. The Sub-Fund may use financial derivative instruments for hedging and efficient portfolio management purposes.

Benchmark

This Sub-Fund aims to outperform the return of Markit iBoxx ALBI China Onshore Bond Index ("Benchmark"). The Benchmark has been selected because it is representative of the investment universe of the Sub-Fund and it is therefore an appropriate performance comparator. The majority of the Sub-Fund's exposure to bonds will not necessarily refer to, nor have weightings derived from the Benchmark. The Investment Manager may use its discretion to invest in bonds not included in the Benchmark in order to take advantage of specific investment opportunities. It is thus expected that the performance of the Sub-Fund will moderately deviate from the Benchmark.

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 Hong Kong Summary Prospectus 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. You may not get back your original investment. Past performance is not a guide to future performance. The level of investment return is not fixed and will vary.

2. Risks of Investing in Fixed Income Securities

- *Interest rate risk:* Fixed income securities are subject to interest rate fluctuations. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.

- *Credit risk:* Investments in fixed income securities are subject to credit default risk of the issuers of the fixed income securities. Adverse economic conditions, unanticipated rise in interest rate, unavailability of additional funding, may impair the issuer's ability to meet its debt obligations, which may lead to potential default by the issuer.

- *Counterparty risk:* The Sub-Fund will be exposed to the credit risk on counterparties with which it trades and any default by such a counterparty (for example, due to insolvency) could result in substantial losses to the Sub-Fund.

- *Risk of credit rating downgrades:* 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 Sub-Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

- *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.

- *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. Further, unrated fixed income securities which the Investment Manager considers to be of comparable quality to a security rated investment grade may exhibit quality and behaviour (e.g. liquidity, pricing, default probability) that are similar to securities which are below investment grade. Such securities are generally subject to lower liquidity, higher volatility and greater risk of losses of principal and interest than high-rated fixed income securities.

3. Sovereign debt risk

- The Sub-Fund's investment in securities issued or guaranteed by the Chinese government 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 loses when there is a default of sovereign debt issuers.

4. Concentration Risk

- The Sub-Fund's investments may be concentrated in the PRC or be invested in any one sector. 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 or a particular sector that the Sub-Fund may invest into.

5. Risks associated with investment in China

- *RMB currency and conversion risk:* 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 will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. The net asset value of the Sub-Fund may also be affected unfavourably by adverse movements in foreign currency exchange rates between RMB and the base currency of the Sub-Fund (i.e. USD). 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 may be delayed due to the exchange controls and restrictions applicable to RMB.

- *Risks associated with investment in China interbank bond market ("CIBM"):* Investing in the CIBM via CIBM Direct Access Program and/or Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk, risks in relation to repatriation of capital, as well as other risk factors typically applicable to fixed income/debt securities. The relevant rules and regulations on investment in the CIBM via CIBM Direct Access Program and/or Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

- *Risks associated with investment made through QFII/RQFII regime:* The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. The Sub-Fund may suffer substantial losses if the approval of the QFII/RQFII Licence is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including QFII/RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

- *PRC tax risk:* There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized from disposal of PRC non-equity investment assets (such as PRC debt securities via CIBM Direct Access Program, Bond Connect and/or QFII/RQFII) (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Based on professional and independent tax advice, the Sub-Fund will not make provisions for any PRC Withholding Income Tax on capital gains derived from the trading of non-equity investments such as PRC debt instruments on or after 17 November 2014.

6. Emerging Markets Risk

- The Sub-Fund invests in Chinese-related companies and in Chinese markets, which involve increased risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange controls, liquidity, higher degree of volatility, settlement, custody and legal/regulatory risks.

7. Volatility and Liquidity Risk

- The Sub-Fund's investments in securities in the PRC market 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 such securities may be large and the Sub-Fund may incur significant trading costs.

- The Sub-Fund may have investments which have high liquidity risks (for example, low trading volumes), and may incur substantial losses if it is unable to sell these investments at opportune times or prices.

8. Currency and Exchange Rates Risk

- The assets that the Sub-Fund invests in may be denominated in currencies different from the Sub-Fund's base currency and the currency of the Shares held by you. The net asset value of the Sub-Fund may be affected unfavourably by adverse movements in foreign currency exchange rates between the currencies of the underlying assets and the base currency of the Sub-Fund and the currency of the Shares held by you, as well as by changes in exchange rate controls.

- In the event a currency hedging strategy does not meet its intended objective this could have adverse impact to the value of the Sub-Fund.

9. Derivatives Risk

- Derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, counterparty risk, liquidity risk, volatility risk, operational risk, leverage risk, valuation risk and over-the-counter transaction risk.

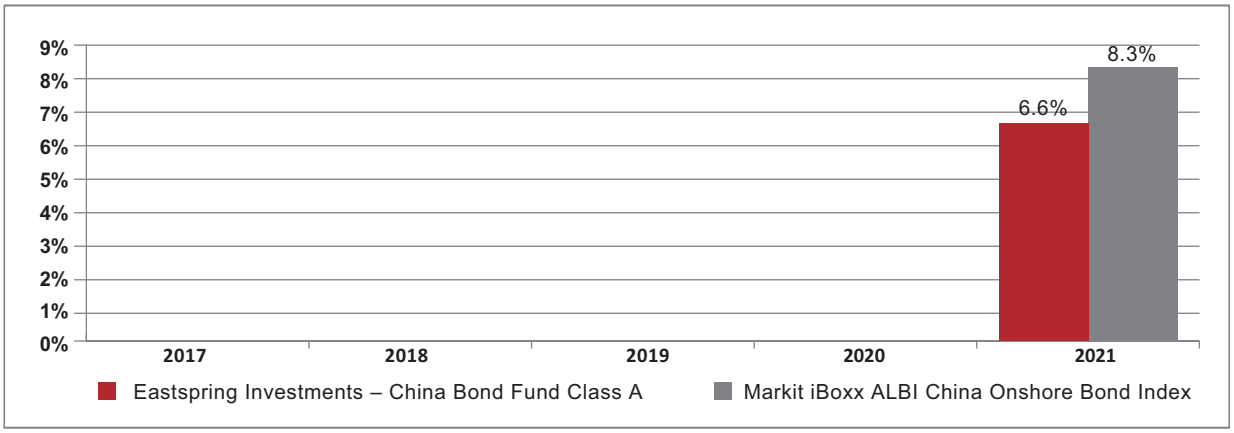
- The Sub-Fund may use financial derivative instruments (FDIs) for hedging and efficient portfolio management purposes, however, the Sub-Fund's use of derivatives may become ineffective in such endeavours and the Sub-Fund may suffer significant losses.

10. Risk associated with Payment of Dividends out of/Effectively out of Capital

- Investors should note that where distributions are declared and paid out of the Sub-Fund, the board of directors of Eastspring Investments may at its discretion pay dividends out of the capital of the Sub-Fund or pay dividends out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividends out of capital.

- Payment of dividends 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 investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or payment of dividends effectively out of the Sub-Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share.

How has the Sub-Fund performed?



Note:

- 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 (if applicable).
- These figures show by how much Class A increased or decreased in value during the calendar year being shown.
- Performance data has been calculated in USD, including taking into account 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:2020
- Class A launch date: 2020
- The Management Company view Class A, being the retail share class offered and available for sale in Hong Kong, as the most appropriate representative share class.

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 shares of the Sub-Fund.

Fee	What you pay
Subscription fee	Maximum 3% of the initial subscription price or applicable Net Asset Value per Share
Switching fee	Nil (You should note that an individual distributor may charge a switching fee, which is subject to such distributor's discretion.)
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.

	Annual rate (as a % of the Sub-Fund's net asset value)
Management fee	Current 0.80%; maximum 1.00%
Operating and Servicing Expenses (payable to the Management Company)	Current 0.25%; maximum 0.30%
Depositary fee (related to safekeeping of assets)	Included in the Operating and Servicing Expenses
Performance fee	N/A
Administration fee	Included in the Operating and Servicing Expenses

Other fees

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

Additional Information

- You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after an authorised distributor receives your request in good order prior to its internal cut-off time, and then forwards your request to the Central Administration Agent of the SICAV prior to 2:00 p.m. (Luxembourg time) being the dealing cut-off time of the Central Administration Agent on each valuation day. However, before placing your subscription or redemption orders, please check with your distributor for the Sub-Fund's valuation day and the distributor's internal dealing cut-off time (which may be earlier than the Central Administration Agent's dealing cut-off time). You may also check with the Hong Kong Representative regarding the Sub-Fund's valuation day.

- The net asset value of this Sub-Fund is calculated and the price of shares published each business day on www.eastspring.com.hk.

- The Dividend Composition Information i.e. the relative amounts paid out of (i) net distributable income and (ii) capital, is available from the Hong Kong Representative upon request, and will be published on www.eastspring.com.hk. Please note that the Dividend Composition Information will only show information on a rolling 12-month period.

- You may obtain the past performance information of other share classes offered to Hong Kong investors from www.eastspring.com.hk.

- The website (www.eastspring.com.hk) 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.