

## PRODUCT KEY FACTS



### E Fund Investment Fund Series- E Fund (HK) RMB Fixed Income Fund

E Fund Management (Hong Kong) Co., Limited

April 2022

- *This statement provides you with key information about E Fund (HK) RMB Fixed Income Fund (the "Sub-Fund").*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of E Fund Investment Fund Series.*
- *You should not invest in this product based on this statement alone.*

#### Quick facts

<b>Manager and RQFII Holder:</b>	E Fund Management (Hong Kong) Co., Limited
<b>Trustee:</b>	Bank of Communications Trustee Limited
<b>RQFII Custodian:</b>	Bank of Communications Co., Ltd.
<b>Ongoing charges over a year:</b>	Class A (except for Class A USD Hedged (accumulation) & Class A USD Hedged (distribution))#: 2.88% Class A USD Hedged (accumulation) & Class A USD Hedged (distribution)##: 2.30% Class T##: 2.16% # The ongoing charges figure is an annualised figure based on the expenses during 1 January 2022 to 31 March 2022. This annualised figure is used as being reflective of the ongoing charges based on a recent review. This figure may vary from year to year. The actual figure may be different from the annualised figure. ## The figure is an estimate only (as the class has not yet been launched) and represents the sum of the estimated ongoing expenses chargeable to the class expressed as a percentage of the class's estimated average net asset value. This figure may vary from year to year. The actual figure may be different from the estimated figure.
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	RMB
<b>Dividend policy:</b>	<b>Class A (accumulation) &amp; Class T (accumulation)</b> – no dividend distribution <b>Class A (distribution)</b> – dividends will be distributed on a semi-annual basis (i.e. June and December in each year) subject to the Manager's discretion. <b>Class T (distribution)</b> – dividends will be distributed on a monthly basis subject to the Manager's discretion. Distributions may be paid out of capital and may immediately reduce the Sub-Fund's net asset value.
<b>Financial year end of the Sub-Fund:</b>	31 December
<b>Min. initial investment:</b>	<b>Class A RMB (accumulation) &amp; Class A RMB (distribution):</b> RMB500 <b>Class T RMB (accumulation) &amp; Class T RMB (distribution):</b> RMB50,000 <b>Class A HKD (accumulation) &amp; Class A HKD (distribution):</b> HKD500 <b>Class A USD (accumulation) &amp; Class A USD (distribution):</b> USD100 <b>Class A USD Hedged (accumulation) &amp; Class A USD Hedged (distribution):</b> USD100 <b>Class T USD (accumulation) &amp; Class T USD (distribution):</b> USD10,000
<b>Min. subsequent investment:</b>	<b>Class A RMB (accumulation) &amp; Class A RMB (distribution):</b> RMB500



for offer to the retail public in China; and  
(iii) debt instruments issued outside of China and denominated in RMB.

The Sub-Fund may invest in urban investment bonds (城投債) (i.e. debt instruments issued by local government financing vehicles (“LGFVs”) and traded in the PRC exchange-traded bond markets and inter-bank 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. The exposure to urban investment bonds (城投債) may be up to 100% of the Sub-Fund’s Net Asset Value.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments issued or traded outside China, which may be denominated in USD.

The debt instruments in which the Sub-Fund may invest are issued by governments, quasi-government organisations, multinational organisations, financial institutions and other corporations, and include fixed rate or floating rate debt securities, convertible bonds (issued and/or guaranteed by issuers such as corporations, financial institutions and banks), commercial papers, short term bills and notes. The Sub-Fund will not invest in contingent convertible bonds.

The Sub-Fund may also invest in fixed income funds and/or equity funds which are issued and offered outside China. The aggregate investments in fixed income funds and equity funds (whether authorised by the CSRC for offer to the retail public in China or issued and offered outside China) will be up to 10% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may invest up to 10% of its total Net Asset Value in asset backed securities (including asset backed commercial papers).

At least 70% of the Onshore Debt Securities (i.e. debt securities issued within China) invested by the Sub-Fund will be issued by governments and quasi-government organisations, or have a minimum credit rating of AA as rated by one of the credit rating agencies in China. The Sub-Fund will not invest in Onshore Debt Securities which are rated BB+ or below as rated by one of the credit rating agencies in China or unrated debt instruments (i.e. debt instruments which neither the debt instrument itself nor its issuer has a credit rating).

For Offshore Debt Securities (i.e. debt securities issued outside China), the Sub-Fund does not impose any credit rating requirement (and these securities may be rated BB+ or below by any credit rating agencies or unrated).

The Sub-Fund will not invest 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 and/or unrated.

The Sub-Fund may also invest in other RMB denominated and settled near-cash instruments issued within or outside China, such as bank certificates of deposit, bank deposits and negotiated term deposits with banks.

Exposure to debt securities issued within China will be through the RQFII quotas of the Manager, investing in the China Interbank Bond Market under the Foreign Access Regime and/or Bond Connect and/or other means as may be permitted by the relevant regulations from time to time. Exposure through the Foreign Access Regime will be less than 70% of the Sub-Fund’s Net Asset Value.

The Sub-Fund may invest in derivatives (including but not limited to swaps, futures and deliverable and non-deliverable forwards) for hedging purposes only. The Sub-Fund will not invest in any derivatives for investment purpose. The Sub-Fund will not invest in structured deposits or products.

The Manager may, on behalf of the Sub-Fund, enter into sale and repurchase and/or reverse repurchase transactions outside China for up to 20% of the Net Asset Value of the Sub-Fund with a view to creating additional income. For the avoidance of doubt, the aggregate exposure of sale and repurchase transactions with the Sub-Fund’s borrowing will be up to 25% of the Sub-Fund’s Net Asset Value. Further details on the Manager’s policy for such transactions are included in Schedule 2 of the Explanatory Memorandum.

The Manager will not enter into any securities lending or other securities financing transactions in respect of the Sub-Fund.

### **Use of derivatives**

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

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

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

#### **1. Investment risk**

- The Sub-Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal.
- There is also no guarantee of dividend or distribution payments during the period you hold the Units of the Sub-Fund.
- The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

#### **2. RMB currency risk and foreign exchange risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between Renminbi and other currencies.
- There is no guarantee that RMB will not depreciate. If you convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, you may suffer a loss if RMB depreciates against Hong Kong Dollar or other currency.
- 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 will therefore be affected by movements in the exchange rates between these currencies and the base currency of the Sub-Fund and by changes in exchange rate controls.

#### **3. Risks relating to China market / Single Country Investment Risk**

- China is considered as an emerging market and investing in China may subject the Sub-Fund to higher economic, political, social, legal and regulatory risks than more developed economies or markets. Investments in China may also be less liquid and more volatile.
- The Sub-Fund invests primarily in securities related to the China market and may be subject to additional concentration risk.
- The China debt securities market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations.

#### **4. PRC tax risk**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice which may have retrospective effect. Any increased in tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the tax provisioning policy of the Sub-Fund will be as follows. The Sub-Fund:
  - Will not make provision for WIT made on gross realised or unrealised capital gains derived from trading of PRC debt securities with effect from 4 November 2015;
  - Will make a WIT provision of 10% for the account of the Sub-Fund on PRC sourced passive income (such as dividend income or interest income) arising from investments in the PRC Securities, except such PRC sourced passive income received from 7 November 2018 to 6 November 2021; and
  - Will make a VAT and local surtaxes provision at a rate of 6.78% of the bond coupon interest (except PRC government bonds or local government bonds, or such bond

coupon interest received from 7 November 2018 to 6 November 2021) received by the Sub-Fund.

- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on timing of their subscriptions and/or redemptions, Unitholders may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

#### **5. Risks relating to RQFII**

- The Sub-Fund invests in securities through a RQFII which is subject to applicable regulations imposed by the PRC authorities. Although repatriations by RQFIIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders.
- The application of RQFII rules may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund.
- In the event of any default of either a PRC broker or the RQFII Custodian in the execution or settlement of any transaction or in the transfer of any fund or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the Sub-Fund.
- The Manager (as RQFII) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to other fund products under the Manager's management. There can be no assurance that the RQFII can allocate sufficient RQFII quota to the Sub-Fund to meet all applications for subscription of Units in the Sub-Fund.

#### **6. Risks associated with the Foreign Access Regime and Bond Connect**

- Investing in the China Interbank Bond Market via the Foreign Access Regime and/or Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities.
- The relevant rules and regulations on investment in the China Interbank Bond Market via the Foreign Access Regime 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 China Interbank Bond Market, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

#### **7. Risks relating to debt securities**

The Sub-Fund mainly invests in RMB denominated debt securities and these instruments may fall in value. Investors may suffer losses as a result. Investment in the Sub-Fund is subject to risks that apply to debt securities as follows:

##### Credit risk

- The Sub-Fund is exposed to the credit/insolvency risk of issuers of the RMB denominated debt securities it invests in. Such securities are typically unsecured debt obligations and are not supported by collateral. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.
- Some of the debt securities may be unrated. Lower rated/ unrated securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities.

##### Risks relating to credit rating

- The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore,

such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

#### Downgrading risk

- The credit rating of a debt security or its issuer may subsequently be downgraded. In the event of downgrading in the credit rating of a debt security or issuer relating to a debt security, the Sub-Fund's investment value in such security may be adversely affected. If the Sub-Fund continues to hold such securities, it will be subject to additional risk of loss. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

#### Interest rates risk

- Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. The Chinese government's macro-economic policies and controls will have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities, and thus the return of the Sub-Fund.

#### Valuation risk

- Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

#### Liquidity risk

- The RMB denominated debt securities market (including both onshore and offshore markets) is at a developing stage and the trading volume may be lower than those of the more developed markets. The Sub-Fund may invest in debt securities which are not listed. Even if the debt securities are listed, the market for such securities may be inactive. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. The bid and offer spreads of the price of such securities may be large, so the Sub-Fund may incur significant trading and redemption costs and may suffer losses accordingly.

#### Risk associated with urban investment bonds (城投債)

- Urban investment bonds (城投債) are issued by local government financing vehicles ("LGFVs"). Although local governments may be seen to be closely connected to urban investment bonds (城投債), such bonds are typically not guaranteed by local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds (城投債), the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

#### Dim Sum bond markets 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. Currency conversion risk**

- Where an investor subscribes for Units of the Sub-Fund denominated in a non-RMB currency, the Manager may convert such subscriptions into RMB prior to investment at the applicable exchange rate and subject to the applicable spread. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB for currency conversion in case of sizeable subscriptions). Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds denominated in RMB into non-RMB currency which, in turn, might affect the Sub-Fund's ability to meet redemption requests from the Unitholders or delay the payment of redemption proceeds.
- In calculating the Net Asset Value of Units of the Sub-Fund denominated in a non-RMB

currency, the Manager will apply the CNH exchange rate (i.e. the exchange rate for the offshore RMB market in Hong Kong). There may be significant trading costs incurred and investing in classes of Units of the Sub-Fund denominated in a non-RMB currency may suffer losses. The value of the classes of Units of the Sub-Fund denominated in a non-RMB currency is subject to fluctuation in the CNH rate. In particular, where the CNH rate is at a premium to the CNY exchange rate, any currency conversion at the CNH rate will adversely affect the value of the relevant class of Units of the Sub-Fund denominated in a non-RMB currency in RMB terms.

**9. Risks relating to sale and repurchase agreements**

- In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- Cash obtained in sale and repurchase transactions may be re-invested in securities subject to the restrictions applicable to the Sub-Fund. It is possible that the Sub-Fund may suffer loss of some or the entire re-invested amount.

**10. Risks relating to reverse repurchase agreements**

- In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

**11. Convertible bonds risk**

- The Sub-Fund may invest up to 100% in convertible bonds. Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity movement and greater volatility than straight bond investments, with an increased risk of capital loss. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

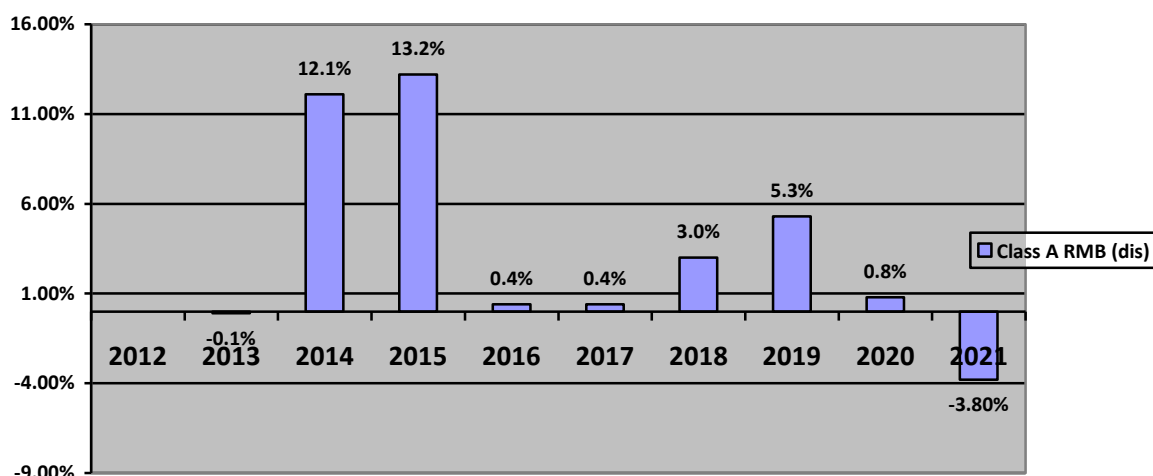
**12. Hedging / derivative risk**

- The Sub-Fund may invest in derivatives for hedging purposes and in adverse situations its use of financial derivative instruments may become ineffective and/or cause the Sub-Fund to suffer significant loss.
- Risks associated with the use of financial derivative instruments include volatility risk, credit risk, liquidity risk, management risk, valuation risk, counterparty risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

**13. Risks relating to distribution out of capital**

- Distributions of the Sub-Fund may be paid out of the capital of the Sub-Fund. Investors should note that 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 investment and such distributions may result in an immediate reduction of the Net Asset Value of the relevant Units.

**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 dividend reinvested.
- These figures show by how much the class increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing 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: 2012.
- Class A RMB (dis) launch date: 2012.
- The Manager views Class A RMB (dis), being the retail class denominated in the Sub-Fund's base currency, as the most appropriate representative 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 Units of the Sub-Fund.

#### Fee

Subscription Fee (Preliminary Charge)  
(% of Issue Price)

Redemption Fee (Redemption Charge)  
(% of Redemption Price)

Switching Fee

#### What you pay

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution): Up to 3%**

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution): nil\***

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A**



RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution): not applicable

#### **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**

Management Fee

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution) & Class A USD Hedged (distribution):** Up to 3% p.a., current rate being: 1.0% p.a.\* as a % of the Sub-Fund's Net Asset Value  
**Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 3% p.a., current rate being 1.5% p.a.\* as a % of the Sub-Fund's Net Asset Value

Trustee Fee

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 1% p.a., current rate being 0.11% p.a.\* as a % of the Sub-Fund's Net Asset Value, subject to a minimum monthly fee of RMB13,000 for each class of Units

Custody Fee

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A USD Hedged (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** Up to 0.5% p.a. (excluding transaction charges) as a % of the Sub-Fund's Net Asset Value

Performance Fee

**Class A RMB (accumulation), Class A HKD (accumulation), Class A USD (accumulation), Class A Hedged USD (accumulation), Class A RMB (distribution), Class A HKD (distribution), Class A USD (distribution), Class A USD Hedged (distribution), Class T RMB (accumulation), Class T USD (accumulation), Class T RMB (distribution), Class T USD (distribution):** not applicable

#### **Other fees**

You may have to pay other fees and charges when dealing in the Units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer the section headed "Expenses and Charges" in the Explanatory Memorandum.

**Additional Information**

- The Manager may decide to close the Sub-Fund to further subscriptions without any prior or further notice if the total subscription amount reaches the amount of RQFII quota allocated to the Sub-Fund by the Manager.
- You generally buy and redeem units at the Sub-Fund's next-determined Net Asset Value after the Trustee (via the authorised distributor or the Manager) has received your request in good order on or before 4:00p.m. (Hong Kong time) on the relevant Dealing Day. Different distributors may impose different dealing deadlines for receiving requests from investors.
- The Net Asset Value of this Sub-Fund is calculated on the same Dealing Day, and the price of Units is published on each Dealing Day in the Standard and the Hong Kong Economic Times.
- Investors may obtain the past performance information (if available) of other Unit classes offered to Hong Kong investors from [www.efunds.com.hk](http://www.efunds.com.hk). Please note that the aforesaid website has not been reviewed by the SFC.
- The compositions of the dividends (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 on the website of the Manager at [www.efunds.com.hk](http://www.efunds.com.hk). Please note that the aforesaid website has not been reviewed by the SFC.
- Class A (accumulation), Class A (distribution), Class T (accumulation) and Class T (distribution) Units of the Sub-Fund are currently available for subscription to the retail public in Hong Kong.

**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.