

PRODUCT KEY FACTS

Harvest Funds (Hong Kong) - Harvest China A Research Select Fund



August 2022

- ***This statement provides you with key information about Harvest China A Research Select Fund.***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Harvest Funds (Hong Kong).***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager and RQFII Holder:	Harvest Global Investments Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
RQFII Custodian:	Bank of China Limited
Ongoing charges over a year:	Class A (RMB): 2.50% [#] Class A (HKD): 2.51% [#] Class A (USD): 2.50% [#] Class A (EUR): 2.50% [#]
Dealing frequency:	Daily on each HK & PRC Business Day*
Base currency:	RMB
Dividend policy:	No dividend distribution, income and gains (if any) will be reinvested
Financial year end of this fund:	31 December
Min. investment:	Class A (RMB): RMB 10,000 initial; RMB 1,000 additional Class A (HKD): HK\$10,000 initial, HK\$1,000 additional Class A (USD): US\$1,000 initial; US\$100 additional Class A (EUR): EUR1,000 initial; EUR100 additional
Min. holding:	Class A (RMB): RMB 10,000 Class A (HKD): HK\$10,000 Class A (USD): US\$1,000 Class A (EUR): EUR1,000

Min. redemption:**Class A (RMB):** RMB1,000**Class A (HKD):** HK\$5,000**Class A (USD):** US\$1,000**Class A (EUR):** EUR1,000

The ongoing charges figures represent the ongoing expenses of the respective classes of Units calculated based on the Sub-Fund's ongoing charges during the 12-month period ended 30 June 2022 expressed as a percentage of their respective average net asset values for the same period. This figure is based on ongoing charges during the 12-month period ended 30 June 2022 due to a variation of the ongoing charges figures from the previously disclosed figures (which were calculated based on the ongoing charges for the 12-month period ended 31 December 2021). It is believed that the variation is due to a decrease in the average net asset value of the Sub-Fund during the relevant period. These figures may vary from year to year.

The ongoing charges figure for Class A (EUR) Units is an estimate only and represent the sum of the estimated ongoing expenses chargeable to Class A (EUR) Units, over a 12-month period expressed as a percentage of the estimated average net asset value of Class A (EUR) Units. The actual figure may be different upon actual operation of Class A (EUR) Units and the figure may vary from year to year.

* a day (other than a Saturday) on which banks and stock exchanges in Hong Kong and the PRC are open for normal business.

What is this product?

Harvest China A Research Select Fund (the “**Sub-Fund**”) is a sub-fund of Harvest Funds (Hong Kong) which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 4 January 2012. It is governed by the laws of Hong Kong.

The Sub-Fund invests primarily in China A-Shares through the RQFII quota of the Manager.

Objectives and Investment Strategy

Objectives

Harvest China A Research Select Fund seeks to achieve long-term capital growth by investing primarily in China A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange.

The Sub-Fund invests primarily in China A-Shares (including initial public offerings) listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange through the RQFII quotas of the Manager.

The Sub-Fund may invest in equity of companies of any capital size, including small and mid-cap companies. It does not have an investment focus on any particular sector or industry.

Not more than 10% of the Sub-Fund's assets may be held in cash and cash based instruments and money market instruments and/or, to the extent permitted by applicable regulations and investment restrictions, in other types of investments including, but not limited to, warrants traded or transferred on a stock exchange in the PRC, securities investment funds (including exchange traded funds) and other instruments from time to time approved by the China Securities Regulatory Commission (“CSRC”) for investment by a RQFII.

The Sub-Fund may use deliverable or non-deliverable forwards, currency options and currency futures (which are traded offshore outside the PRC) for the purpose of currency hedging only. The Sub-Fund may also acquire stock index futures traded in the PRC or in offshore markets for equity market hedging only. The Manager currently does not intend to invest in other derivatives (save for the aforementioned derivatives). The Sub-Fund's total exposure

to investments issued or traded offshore outside the PRC (such as equities, collective investment schemes, ETFs and real estate investment trusts ("REITs")) will in aggregate be up to 30% of its Net Asset Value.

The Manager currently does not intend to:

- (i) invest in debt securities including urban investment bonds issued in the PRC (i.e. bonds issued by PRC local government financing vehicles);
- (ii) invest in structured deposits or products (including asset backed securities, mortgage backed securities and asset backed commercial papers or similar structured products);
- (iii) enter into any securities financing transactions in respect of the Sub-Fund,

and prior approval will be sought from the SFC and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

Strategy

The portfolio of the Sub-Fund will primarily comprise securities issued by entities which are considered by the Manager to be able to benefit from or related to the economic growth of China.

The Sub-Fund adopts a Growth at a Reasonable Price ("GARP") strategy. The GARP strategy combines both value and growth investing principles with the aim to identify undervalued companies with sustainable growth potential. The strategy includes both top-down industry selection and bottom-up stock picking approach. In the top-down approach, the Manager identifies focus sectors by observing current economic cycle, policy and structural reform trends, gross margin change of different industries and other relative factors to determine industries experiencing high growth or industries with growth momentum. In the bottom-up approach, the Manager places emphasis on business models, earning results, good corporate governance, financial statements, competitor analysis as well as long-term growth drivers and short term catalysts.

The investment process is research driven wherein the Manager will utilise its internal research infrastructure and platform as well as a combination of different research methodologies. The selection criteria comprise four tiers of analysis: macro and sector analysis; market/ business model analysis; financial analysis and valuation analysis.

Use of Derivatives / Investment in Derivatives

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

What are the key risks?

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

Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

Risks relating to equity securities

- The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Concentration risk

- The Sub-Fund's investments are concentrated in the PRC. 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 events affecting the PRC.

Emerging market risk

- The Sub-Fund invests in emerging markets which 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.

PRC tax risk

- The Sub-Fund may be subject to the risks associated with changes in the PRC laws and regulations, including PRC tax laws, and such changes may have retrospective effect and may adversely affect the Sub-Fund. The Manager, having taken independent professional tax advice and acting in accordance with such advice, will at present implement tax provisioning policy as follows:
 - (a) The Sub-Fund will not make PRC withholding income tax (WIT) provision for gross realised and unrealised capital gains from trading of PRC equity investment assets (including China A-Shares);
 - (b) The Sub-Fund will not make WIT provision for gross realised and unrealised capital gains derived from trading of PRC debt securities;
 - (c) The Sub-Fund will make a provision of 10% on dividend from China A-Shares, interest from Renminbi denominated bonds (except PRC government bonds which are State treasury bonds issued by the in-charge finance department of the State Council of the People's Republic of China) issued by PRC tax resident enterprises, dividend from securities investment funds and interest from RMB bank deposits if the WIT is not withheld at source.
- Such provisions may be excessive or inadequate to meet the actual tax liabilities, as PRC tax rules and practices are subject to uncertainties. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the asset value of the Sub-Fund will be adversely affected.

China A-Shares market risk

- The price at which securities may be purchased or sold by the Sub-Fund and the net asset value of the Sub-Fund may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.
- Trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Manager to liquidate positions and can thereby expose the Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Manager to liquidate positions at a favourable price.

Liquidity risk

- Some of the Sub-Fund's investments (such as investment in small/mid-cap companies) may be subject to higher liquidity risk. Investment in securities that have lower liquidity may reduce returns for or result in substantial losses to the Sub-Fund if the Sub-Fund is unable to sell such securities at the time or price that is desirable.

RQFII risk

- 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 there is insufficient RQFII quota allocated for the Sub-Fund to make investments, the approval of the RQFII 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 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).

RMB currency 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 (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.
- 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 in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

RMB denominated class(es) related risk

- The Sub-Fund may, within the respective investment limits stated in the investment objective and strategy, invest extensively in RMB denominated investments. The Sub-Fund offers RMB denominated class(es).
- Although CNH and CNY are the same currency, they trade at different rates. When calculating the value of the RMB denominated class(es), CNH will be used. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.
- 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 devaluation of RMB could adversely affect the value of investors' investments in the RMB denominated class(es) of the Sub-Fund. Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. In case of sizeable redemption requests for the RMB denominated class(es) are received or under exceptional circumstances, payment of redemption requests and/or distributions in RMB (if any) from the RMB denominated class(es) may be delayed due to the exchange controls and restrictions applicable to RMB.

Risks relating to REITs

- The prices of REITs are affected by changes in the value of the underlying properties owned by the REITs and may subject the Sub-Fund to risks similar to those from direct ownership of real property.
- Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions.

Risks relating to investments in ETFs

The Sub-Fund may invest in ETFs and are subject to the following risks –

- *Passive investment risks* - The ETF that the Sub-Fund invests in may not be “actively managed” and the manager of the relevant ETF may not take defensive positions in declining markets. Consequently, falls in the underlying index of the ETF are expected to result in a corresponding fall in the value of the Sub-Fund.
- *Tracking error and underlying index related risks* - Factors such as fees and expenses of an ETF, imperfect correlation between the ETF’s assets and the underlying securities within the relevant tracking index, rounding of share prices and adjustments to the tracking index may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF’s returns may therefore deviate from that of its tracking index and may have an adverse impact on the ETF and the Sub-Fund.
- *Trading risks* - There can be no assurance that an active trading market will exist or maintain for units /shares of an ETF on any securities exchange. The units/shares of the ETFs in which the Sub-Fund invests may be traded at large discounts or premiums to their net asset value, which may in turn affect the net asset value of the Sub-Fund.

Risk of investing in other funds

- The Sub-Fund may invest in other funds and will be subject to the risks associated with the underlying funds. The Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the net asset value of the Sub-Fund.
- The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund’s redemption requests as and when made.

Risks relating to derivative / hedging

- Risks associated with derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

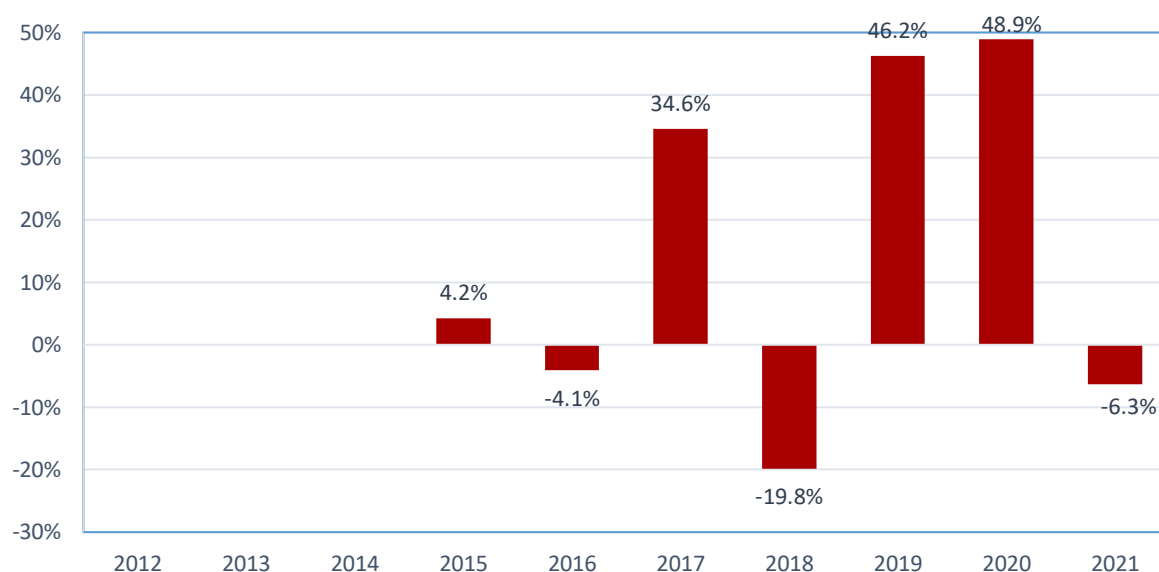
Small and Medium-Sized Companies Risk

- The Sub-Fund may invest in small capitalisation and mid-capitalisation companies. The stock of small capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

How has the fund performed?



■ Harvest Funds Series (Hong Kong) - Harvest China A Research Select Fund

- 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 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 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.
- Class A (RMB) Unit is selected as representative unit class as it is the retail unit class denominated in the base currency of the Sub-Fund.
- Sub-Fund launch date: 28 January 2014
- Class A (RMB) Unit launch date: 10 March 2014

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

Preliminary Charge
(% of total subscription amount) Class A: up to 5%*

Redemption Charge Class A: Nil*

(% of Redemption Price)

Switching Charge (% of total amount being switched out of the existing class)	Class A: up to 1%*
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Ongoing fees payable by the Sub-Fund

The following fees 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	Class A: up to 1.8% p.a.*
Trustee Fee	Class A: up to 0.15% p.a., subject to a minimum monthly fee of RMB35,000*
Custody Fees	Class A: up to 0.10% p.a. (inclusive of custody fees payable to the RQFII Custodian)
Performance Fee	Class A: Nil

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 offering document.

*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 to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Trustee or an Authorised Distributor receives your request in good order on or before 5p.m. (Hong Kong time) on the relevant Dealing Day¹.
- The net asset value per Unit of this Sub-Fund is calculated every HK & PRC Business Day and the price of units is published each Business Day on the Manager's website, www.harvestglobal.com.hk².
- Investors may obtain the past performance information of other unit classes offered to Hong Kong retail investors from www.harvestglobal.com.hk².

¹The Authorised Distributor(s) may impose an earlier cut-off time before the dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.

² The 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.