

PRODUCT KEY FACTS

CICC Hong Kong Equity Fund

(a sub-fund of CICC Fund Series)

China International Capital Corporation
Hong Kong Asset Management Limited

29 April 2022

*This statement provides you with key information about this product.
This statement is a part of the Prospectus.
You should not invest in this product based on this statement alone.*

Quick facts

Fund Manager:	China International Capital Corporation Hong Kong Asset Management Limited
Trustee and Registrar:	Brown Brothers Harriman Trustee Services (Hong Kong) Limited
Ongoing charges over a year*:	Class A (HKD): 1.58%
Dealing frequency:	Daily (each Business Day as defined in the Prospectus)
Base currency:	Hong Kong Dollars (HKD)
Financial year end of this fund:	31 December
Distribution policy:	Subject to the Manager's discretion, the Manager intends to pay distributions to Unitholders annually (in December each year). All units will receive distributions in the base currency (HKD) only. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. Any distributions out of capital or effectively out of capital may result in an immediate reduction in the net asset value (" NAV ") per Unit of the Sub-Fund.
Minimum initial and subsequent investment:	Class A (HKD): HKD 5,000
Minimum holding amount and redemption amount:	Class A (HKD): HKD 5,000
Fund website:	https://cicchkam.com

* As there has been a change of fee structure with effect from 8 October 2021, this ongoing charges figure is an annualised figure based on the expenses for the period from 8 October 2021 to 31 December 2021. This figure may vary from year to year.

What is this product?

CICC Hong Kong Equity Fund (the "**Sub-Fund**") is a sub-fund of CICC Fund Series, which is an umbrella unit trust established under Hong Kong law.

Objective and investment strategy

Objective

The Sub-Fund seeks to primarily invest in a diversified portfolio investment of Hong Kong equity market to achieve long-term capital growth through exposure to Hong Kong and/or Mainland China related companies.

Strategy

The Sub-Fund seeks to achieve its investment objective by using a diversified **long-only** strategy through a disciplined investment process and detailed fundamental research. The term “long-only” means that the Sub-Fund does not intend to enter into any short-selling transactions. The Manager’s disciplined investment process is based on the identification of investment opportunities taking into account expected risk and return levels of such investment opportunities and the Manager’s analysis of the economic and political environment.

In order to achieve the Sub-Fund’s investment objective, the Manager intends to invest primarily (i.e. at least 70% of its NAV) in equities listed on the Stock Exchange of Hong Kong. These listed equities invested by the Sub-Fund are issued by companies that have significant business exposure to Hong Kong and/or Mainland China.

The total exposure to securities issued or traded outside of Hong Kong will be less than 30% of the Sub-Fund’s NAV. Such securities include but are not limited to (1) equities (e.g. in the case of China A Shares, through Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (together, the “**Stock Connect**”) and/or indirectly by way of funded swap transactions or access products (e.g. China A-share access products (“**CAAPs**”)) or funds investing in China A-shares), (2) equity equivalent securities (including American Depository Receipts (“**ADRs**”) and/or global depository receipts (“**GDRs**”)), (3) warrants, as well as (4) equity funds and/or exchange traded funds which will have similar investment objectives and/or strategies as the Sub-Fund.

Notwithstanding the foregoing, the Sub-Fund’s aggregate exposure to direct and indirect investments in securities issued in the Mainland China market, including but not limited to China A Shares and such other financial instruments permitted under applicable Mainland China regulations will not be more than 20% of its NAV.

Less than 10% of the NAV of the Sub-Fund may be invested in convertible bonds.

The Sub-Fund may invest in equities issued by companies of any sector or market size. As such, the Sub-Fund may invest in small and mid-capitalisation companies.

The Sub-Fund may hold up to 30% of the NAV of the Sub-Fund in cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers’ acceptances, short-term commercial paper and other fixed income instruments issued within and/or outside Hong Kong, pending suitable investment opportunities and for defensive and liquidity management purposes. It is intended that the Sub-Fund will only invest in fixed income instruments rated investment grade or above by an independent international rating agency, e.g. Fitch, Moody’s, Standard and Poor’s.

The asset allocation of the Sub-Fund will change according to the Manager’s view of market conditions and the international investment trends and environment. Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may temporarily invest up to e.g. 100% of the NAV of the Sub-Fund in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund may make use of financial derivative instruments for the purposes of reducing various risks, hedging, and investment (to gain exposure to various assets, markets or other investment opportunities (including derivatives which focus on equities), e.g. funded swap transactions, CAAPs, warrants, and futures).

The Manager will not enter into any securities lending, repurchase or reverse-repurchase 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 NAV.

What are the key risks?

Investment involves risks. Please refer to the 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. There is no guarantee of the repayment of principal.
- 2. Risk of specific investment strategy**
 - The Sub-Fund's diversified long-only strategy may not achieve the desired results under all circumstances and market conditions.
 - 3. Concentration risk**
 - The Sub-Fund is subject to concentration risk as a result of the concentration of its investments in companies which have significant business exposure to Hong Kong and/or 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 also be more susceptible to economic, political, policy, foreign exchange, liquidity, tax or regulatory event adversely affecting the Hong Kong and Mainland China markets.
 - 4. Mainland China market risks**
 - The Sub-Fund's investments in Mainland China may involve increased risks and special considerations not typically associated with an 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.
 - High market volatility and potential settlement difficulties in the Mainland Chinese markets may result in significant fluctuations in the prices of the securities traded on such markets, and may thereby adversely affect the value of the Sub-Fund.
 - 5. Risks of investing in 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.
 - 6. Risk associated with small and mid-capitalization companies**
 - The Sub-Fund may invest in small and mid-capitalization companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic development than those of larger capitalization companies in general.
 - 7. Risks associated with depositary receipts**
 - Exposure to depositary receipts including ADRs and GDRs may generate additional risks compared to a direct exposure to the underlying stocks, including the risk of non-segregation of the underlying stocks from the depositary banks' own assets and liquidity risk (as depositary receipts are often less liquid than the underlying stock). These may negatively affect the performance and/or liquidity of the Sub-Fund. Also, depositary receipts holders generally do not have the same right as the direct shareholders of the underlying stocks. The performance of depositary receipts may also be impacted by the related fees.
 - 8. Risks associated with the Stock Connect**
 - The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in A-shares through the programme will be adversely affected. Due to the difference in trading days, on days when the Mainland China market is open but the Hong Kong market is closed, the Sub-Fund may be subject to a risk of price fluctuations in A-shares as the Sub-Fund will not be able to trade through the Stock Connect. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.
 - 9. Fixed income instruments risks**

- *Credit / Counterparty risk*: The Sub-Fund is exposed to the credit/default risk of issuers of the fixed income instruments that the Sub-Fund may invest in.
- *Interest rate risk*: Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Volatility and liquidity risk*: The fixed income instruments in certain markets, such as the onshore Mainland China markets, 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 the price of such securities may be large and the Sub-Fund may incur significant trading costs.
- *Downgrading risk*: 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. There is no assurance that the fixed income instruments invested by the Sub-Fund or the issuer of the fixed income instruments will continue to have an investment grade rating or continue to be rated. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.
- *Sovereign debt risk*: The Sub-Fund's investment in sovereign debt securities may be exposed to political, social and economic risks. In adverse situations, the sovereign issuer 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 issuer.
- *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 NAV calculation of the Sub-Fund.
- *Credit rating risk*: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

10. Foreign exchange risks

- An investment in the Sub-Fund may involve exchange rate risk, the underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund (which is HKD). The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

11. Volatility risks

- The Sub-Fund may be exposed to the risk of high market volatility and potential settlement difficulties of the equity markets in which it invests. This may result in significant fluctuations in the prices of the securities traded on such markets and thereby adversely affect the value of the Sub-Fund.

12. Risks associated with regulatory/exchange requirements/policies of Mainland China markets

- Securities exchanges in Mainland China may have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the fund investing in Mainland China.

13. Risks attached to the use of Financial Derivative Instruments ("FDI")

- Investment in FDI (e.g. funded swap transactions, CAAPs, warrants, and futures) is subject to additional risks, including counterparty and credit risk, liquidity risk, valuation risk, volatility risk and over-the counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. In adverse situation, the Sub-Fund's use of FDI may become ineffective in hedging or risk mitigation / reduction and the Sub-Fund may suffer significant losses.

14. Termination risks

- The Sub-Fund may be terminated early under certain circumstances, for example, if the size of the Sub-Fund falls below US\$10,000,000 (or equivalent). Investors may not be able to recover their investments and suffer a loss when the Sub-Fund is terminated.

15. Distributions out of or effectively out of capital risk

- Payment of distributions out of capital 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 such distributions may result in an immediate reduction in the NAV per Unit of the Sub-Fund.

How has the 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 dividends reinvested.
- These figures show by how much the Class A (HKD) units of the Sub-Fund increased or decreased in percentage during the calendar year being shown. Performance data has been calculated in HKD including on-going charges and excluding subscription fee and redemption fee you might have to pay.
- Please refer to the website <https://cicchkam.com> for past performance information regarding other unit classes. This website has not been reviewed by the SFC.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2020
- Class A (HKD) launch date: 2020
- The Manager views Class A (HKD) units, being the retail unit class denominated in the base currency of the Sub-Fund, as an appropriate representative unit class of the Sub-Fund.

Is there any guarantee?

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

What are the fees and charges?

Please refer to the section entitled “Fees and Expenses” of the Prospectus for details of other fees and expenses.

Charges which may be payable by you

Fees	What you pay
Subscription fee*	Up to 5% of the total subscription amount
Redemption fee*	Nil
Switching fee*	N/A

Ongoing fees payable by the Sub-Fund in respect of the relevant Units

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

Fees	Annual rate (as a % of the NAV of the respective class of Units)
Management fee*	Class A (HKD): 1.25% per annum
Trustee fee*	Up to 1% per annum (inclusive of administration and custody fees)
Performance fee	Nil

* Please note that some fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the offering document entitled “Fees and Expenses” for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Trust.

Other fees

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

Additional information

You generally buy and redeem Units at the Sub-Fund's next-determined NAV after the Trustee / Registrar receives your request in good order at or before 4:00 pm (Hong Kong time) on each dealing day, being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).

You can find the following information relating to the Sub-Fund (in English and in Chinese) at the following website <https://cicchkam.com> (which has not been reviewed or approved by the SFC):

- The Prospectus including the Product Key Facts Statement (as revised from time to time)
- The latest annual audited accounts and interim half yearly unaudited report of the Sub-Fund (in English only)
- Any notices relating to material changes to the Sub-Fund which may have an impact on its investors such as material alterations or additions to the Prospectus including the Product Key Facts Statement or the constitutive documents of the Trust and/or the Sub-Fund
- Any public announcements made by the Manager in respect of the Sub-Fund, including information with regard to the Sub-Fund, the suspension of issue and redemptions of Units, the suspension of the calculation of its NAV and changes in its fees
- The last NAV and the last NAV per Unit in HKD
- The ongoing charges figure and past performance information of the Sub-Fund offered to Hong Kong investors
- Information on the Sub-Fund

- The composition of distributions (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital), if any, for a 12-month rolling period

The Sub-Fund's NAV is calculated, and the latest subscription and redemption prices of Units are available, each business day on the website: <https://cicchkam.com> (which has not been reviewed or approved 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.