Value Partners
Investing through discipline

PRODUCT KEY FACTS

Value Partners Fund Series
Value Partners Asian Fixed Maturity Bond Fund 2022

Issuer: Value Partners Hong Kong Limited **April 2022**

- **This statement provides you with key information about this product.**
- **This statement is a part of the fund's Explanatory Memorandum.**
- **You should not invest in this product based on this statement alone.**

Quick facts

Manager: Value Partners Hong Kong Limited

Trustee: HSBC Institutional Trust Services (Asia) Limited

Ongoing charges over a year*:

Class A Units: AUD Hedged MDis	0.99%β
Class A Units: CAD Hedged MDis	0.99%^
Class A Units: HKD Unhedged MDis	0.99%β
Class A Units: NZD Hedged MDis	0.99%^
Class A Units: RMB Hedged MDis	0.99%β
Class A Units: RMB Unhedged MDis	0.99%β
Class A Units: USD Unhedged MDis	0.99%β

Dealing frequency: Daily. No subscriptions will be allowed after Initial Offer Period, unless the Manager determines otherwise. Unitholders may continue to redeem their Units on any Dealing Day, including after the Sub-Fund has been closed for subscriptions.

Base currency: USD

Dividend policy: The Manager currently intends to make monthly dividend distribution for all classes of Units at its discretion. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

Financial year end of this fund: 31 December

Classes available: Class A: AUD Hedged MDis, CAD Hedged MDis, HKD Unhedged MDis, NZD Hedged MDis, RMB Hedged MDis, RMB Unhedged MDis and USD Unhedged MDis

* *The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the class of units for the corresponding period as described below. This figure may vary from year to year. Information is updated as at 28 March 2022.*

β *This figure is based on the expenses for the year ended 31 December 2021.*

^ *The first issue of the class of units has not yet occurred as at the year ended 31 December 2021. This ongoing charges figure is an estimate only and is based on the ongoing charges figure of Class A Units USD Unhedged MDis with similar fee structure for the relevant financial period. The actual ongoing charges figure may be different and may vary from year to year.*

Minimum initial investment: Class A Units: USD10,000 or equivalent

Minimum subsequent investment: Class A Units: USD5,000 or equivalent

Minimum holding: Class A Units: USD10,000 or equivalent

Minimum redemption amount: Class A Units: Nil

What is this product?

- The Value Partners Asian Fixed Maturity Bond Fund 2022 (the "Sub-Fund") is a sub-fund of Value Partners Fund Series which is a unit trust established under the laws of Hong Kong.
- The Sub-Fund will invest predominantly in a portfolio of fixed income securities in Asia over an investment period of approximately 3 years from the close of Initial Offer Period (the Initial Offer Period is expected to be 4 November 2019 to 21 November 2019) up to the Maturity Date (as defined in the section headed "Investment Period" below).
- All Units will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date) according to the then Net Asset Value of the Sub-Fund.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide investors with stable income and total return by investing in a portfolio of fixed income securities in Asia over an investment period of approximately 3 years from the close of Initial Offer Period up to the Maturity Date. For the avoidance of doubt, the Sub- Fund is not a guarantee or capital protected product. There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

The Sub-Fund seeks to achieve its investment objective by investing:

(i) at least 65% of its Net Asset Value in a portfolio of investment grade rated fixed income securities; and

(ii) not more than 35% of its Net Asset Value in a portfolio of below investment grade rated or unrated fixed income securities,

primarily (at least 70% of its Net Asset Value) denominated in USD that are issued by corporations, governments, government entities or corporate agencies that have a significant portion of assets, investments, production activities, trading or other business interests in or derive a significant portion of revenue from Asian region (which may include both developed and emerging market countries). The Sub- Fund may also invest up to 30% of its Net Asset Value in Mainland China onshore fixed income securities.

For the purposes of the Sub-Fund, a fixed income security which is rated as investment grade is defined as a fixed income security which (or if such security is unrated, the issuer of which) is rated as BBB- or above by Standard & Poor's, Baa3 or above by Moody's, BBB- or above by Fitch or an equivalent rating from an internationally recognized credit rating agency. For split credit ratings, the highest rating shall apply. Any fixed income security which (or the issuer of which) is not rated by any international rating agency such as Moody's, Standard & Poor's or Fitch will be considered as "unrated".

There is no limitation to (a) industry sectors and weightings in respect of fixed income securities issued by corporations; or (b) the Sub-Fund's exposure to emerging markets.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade, or which is non-rated.

The Sub-Fund will adopt a buy and hold strategy with active risk monitoring. The Manager will actively monitor and manage the risk level of the portfolio during the investment period. When the credit profile of an instrument deteriorates in the opinion of the Manager after initial purchase, the Manager will, at its full discretion, decide whether to hold or sell such instrument after considering various factors, including but not limited to risk of default, time to maturity, liquidity and market price, and where applicable, re-invest the sale proceeds in other fixed income instruments within the scope of the above investment strategy.

The Sub-Fund's portfolio may also temporarily include cash and cash equivalents, up to 100% of its Net Asset Value, under exceptional circumstances (such as in the event of market crashes, major crisis or to mitigate the risk of potential sharp reversals and fall in the equity or bond markets) for cash flow management.

The fixed income securities invested by the Sub-Fund are of varying maturities and at least 70% of the Sub-Fund's underlying investment may mature before the Maturity Date. The Sub-Fund has a limited duration and it will run until the Maturity Date. Up to 30% of the holdings in the portfolio of the Sub-Fund may mature within three months after the Maturity Date of the Sub-Fund and such investment will be liquidated at market price on or before the Maturity Date. Proceeds received from instruments maturing or liquidating before the Maturity Date will be reinvested or held in cash and cash equivalents, at the Manager's discretion. Furthermore, the Manager may hold up to 100% of the Sub-Fund's Net Asset Value in cash or cash equivalents within the three-month period preceding the Maturity Date in anticipation of the Sub-Fund's maturity. As such, the Sub-Fund's yield will generally tend to move towards the then prevailing money market rates and may be lower than the yields of the bonds previously held by the Sub-Fund and lower than prevailing yields for similar bonds in the market, and consequently the investments held by the Sub-Fund may not be reflective of the Sub-Fund's investment strategy as disclosed in this section as the Maturity Date approaches.

The Sub-Fund will not invest in any instruments with loss-absorption features, convertible bonds, contingent convertible bonds, equities, collective investment schemes, asset-backed securities (including mortgage-backed securities) or asset-back commercial paper.

The Sub-Fund may invest in financial derivative instruments for hedging purposes only. The Manager will not enter into any securities lending, repurchase or reverse-repurchase transactions or other similar over- the-counter transactions in respect of the Sub-Fund.

Investment Period

The Sub-Fund is expected to have an investment period of approximately 3 years from the close of the Initial Offer Period and the Sub-Fund will be terminated automatically at maturity which is expected to be on or around 18 November 2022 (the "Maturity Date").

All Units will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date) according to the then Net Asset Value of the Sub-Fund. The costs associated with such termination are estimated to be approximately USD18,000 and shall be amortised over the period from the close of the Initial Offer Period up to the Maturity Date.

The Maturity Date may be deferred for up to 3 months if the Manager believes it is in the best interests of investors. Investors will be given at least one month's notice prior to the Maturity Date confirming the liquidation of the Sub-Fund or announcing a deferral of the Maturity Date (as the case may be).

Use of 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 Explanatory Memorandum for details including the risk factors.

1. **Investment risk**
   - Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the Sub-Fund's assets. There is no guarantee of repayment of principal. Accordingly, there is a risk that an investor may not recoup the original amount he invested in the Sub-Fund or may lose a substantial part or all of his investment.
2. **Asia concentration risk**
   - Although there are various investment restrictions with which the Manager has to comply when managing the investments of the Sub-Fund, the concentration of the Sub-Fund's exposure to a single region (i.e. Asia) subjects it to greater concentration risk. The Sub-Fund may be more volatile than a broadly-based fund such as a global investment fund as it is more susceptible to fluctuation in value resulting from adverse conditions in the Asian markets.
3. **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/controls, political and economic uncertainties, policy, legal or regulatory event and taxation risks, settlement risks, custody risks and the likelihood of a higher degree of volatility.

4. Limited duration risk

- The duration of the Sub-Fund is limited (i.e. up to the Maturity Date). The Sub-Fund will be terminated automatically at maturity and is expected to have an investment period of approximately 3 years. Although investors are entitled to redeem their holdings in the Sub-Fund during the investment period, they are advised to consider whether the expected investment period of 3 years is suitable for their intended objectives before they invest in the Sub-Fund.

- In view of the Sub-Fund's operational features, in case investors redeem from the Sub-Fund before the Maturity Date, (a) neither the income nor the capital of the Sub-Fund is guaranteed at maturity and redemption of Units prior to the Maturity Date will be subject to the value of the portfolio of instruments held by the Sub-Fund. Therefore, redemption proceeds may be lower or higher than the investors' initial investments and there is no guarantee that the investor will receive the full amount of their original investment; (b) redemptions (including switching out of the Sub-Fund effected by redemption) may be subject to downward swing pricing adjustment normally not exceeding 3% of the Net Asset Value per Unit of the relevant class to reflect the duties and charges incurred for the disposal of the underlying investments of the Sub-Fund in order to safeguard the interest of the remaining investors; (c) decrease in fund size of the Sub-Fund resulting from the redemptions will have an immediate impact on the ongoing charges figure (as a percentage of the Sub-Fund's Net Asset Value), and may lead to adverse impact on investors' return; (d) redemptions by investors prior to the Maturity Date, if significant, may trigger the early termination of the Sub-Fund; and (e) deterioration in the liquidity of the Sub-Fund's underlying investments may also affect the Sub-Fund's ability to pay out redemption or termination proceeds to investors.

5. Prepayment and reinvestment risks

- The issuers of fixed income instruments (especially those issued at high interest rates) may repay principal before the maturity of the instruments. Prepayments may cause losses on instruments purchased at a premium. Unscheduled prepayments for fixed income instruments recalled at par may result in a loss equal to any unamortised premium. Repayment of principal before the Sub- Fund's maturity as well as the re-investment of cash proceeds from the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Manager or proceeds received from instruments maturing before the Maturity Date create out of market risk and the uncertainty of gaining access to fixed income instruments delivering similar yield to maturity, thus resulting in lower interest income and returns to the Sub-Fund.

6. Substantial redemption risk

- If there are substantial redemptions within a short period of time, the Sub-Fund may need to liquidate some positions prematurely at an inopportune time or on unfavourable terms. The value of the Sub-Fund may therefore be adversely affected. In addition, the resulting decrease in the size of the Sub-Fund may immediately increase the ongoing charges of the Sub-Fund as a percentage of the Sub-Fund's Net Asset Value and may have an adverse impact on investors' return. Substantial redemptions may render the size of the Sub-Fund to shrink significantly and trigger the Sub-Fund to be early terminated (see "Early Termination Risk" below).

7. Early termination risk

- The Sub-Fund may be terminated by the Manager or the Trustee in certain conditions and in the manner as described in "Termination of the Trust or any Sub-Fund" in the section entitled "General" in the main body of the Explanatory Memorandum, including where, in relation to the Sub-Fund, the Net Asset Value of the Units outstanding thereunder is less than RMB100 million (or its equivalent in other currencies). Unitholders will be notified by way of a termination notice at least one month prior to the early termination date. Upon the termination of the Sub-Fund, all the assets of the Sub-Fund will be realised and the net proceeds thereof which are available for distribution will be distributed to relevant Unitholders with reference to the number of Units held by them. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to investors. Investors should note that the amount distributed to them may be less than the amount of their initial investment. For the avoidance of doubt, any termination costs which have been amortised up to the early termination date will be utilised to pay the Sub-Fund's expenses associated with the termination and any expenses in excess will be borne by the Manager.

8. Limited subscription risk

- With regard to the Sub-Fund's Initial Offer Period, the Manager may exercise its discretion to extend the Initial Offer Period or not to issue any Units in the event that (a) the Minimum Aggregate Investment Amount (being USD1 million for a class and USD50 million for the Sub- Fund), or such other minimum amount as may be determined by the Manager at its sole discretion) is not received during the Initial Offer Period; or (b) the Manager, is of the opinion that it is not in the commercial interests of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with such launch. In such case, investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to proceed with the launch. In the event that the Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period. In addition, the Sub-Fund will be closed to subsequent subscriptions after the Initial Offer Period, unless the Manager, in its absolute discretion and without the obligation of issuing any prior notice to existing Unitholders, determines to re-open a particular class or classes of Units of the Sub-Fund for subscription after the Initial Offer Period.
- In the event the size of the Sub-Fund shrinks significantly due to substantial redemption, the Manager may need to make use of fair valuation adjustment and liquidity risk management tools more frequently than a fund which is open to subsequent subscription. In that case, the Net Asset Value of the Sub-Fund may be adversely affected.

9. Risk of investing in fixed income instruments

- *Interest rate risk:* Generally, the value of fixed income securities is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro- economic policies in the Asian markets may adversely impact the value of the Sub-Fund's fixed income portfolio.
- *Volatility and liquidity risk:* The fixed income securities in certain Asian 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.
- *Credit risk:* Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Sub-Fund, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.
- *Downgrading risk:* The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated outside of Hong Kong and therefore not subject to the laws of Hong Kong.
- *Risk of investing in below investment grade and unrated bonds:* The Sub-Fund may invest in fixed income instruments which (or the issuers of which) are rated below investment grade or which may not be rated by any rating agency of an international standard. Such instruments are generally subject to a higher degree of volatility and credit risk, a lower degree of liquidity and greater risk of loss of principal and interest than high-rated debt securities, which may result in greater fluctuations in value and, consequently, the Net Asset Value of the Sub-Fund.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.
- *Credit ratings 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.
- *Purchase at premium risk:* If a fixed income instrument is acquired by the Sub-Fund at a premium, the Sub-Fund will suffer a loss if the coupon payments of that fixed income instrument cannot cover the premium.
- *Sovereign debt risk:* The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

10. Currency risk

- A class of Units may be designated in a currency other than the base currency of the Sub-Fund. The underlying investments of the Sub-Fund may include securities denominated in currencies other than the base currency of the Sub-Fund. The Net Asset Value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Sub-Fund's base currency and by changes in exchange rate controls.

11. RMB currency risk

- The Sub-Fund may have exposure to investments which are denominated in RMB. The RMB is not freely convertible and subject to exchange controls and restrictions. Investors whose assets and liabilities are predominantly in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB as well as associated fees and charges. There is no guarantee that RMB will not depreciate. Any depreciation of the RMB could adversely affect the value of the investor's investment in the Sub- Fund.
- Assets of the Sub-Fund denominated in RMB are valued with reference to the CNH rate. 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 redemption and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

12. Derivative risk

- The Sub-Fund may from time to time invest in financial derivative instruments for hedging purposes. The use of such derivatives exposes a sub-fund to additional risks, including volatility risk, valuation risk, leverage risk, liquidity risk, correlation risk, counterparty/credit risk, legal risk, over-the-counter transaction risk and settlement risk. The leverage element or component of such derivatives can result in a loss significantly greater than the amount invested.

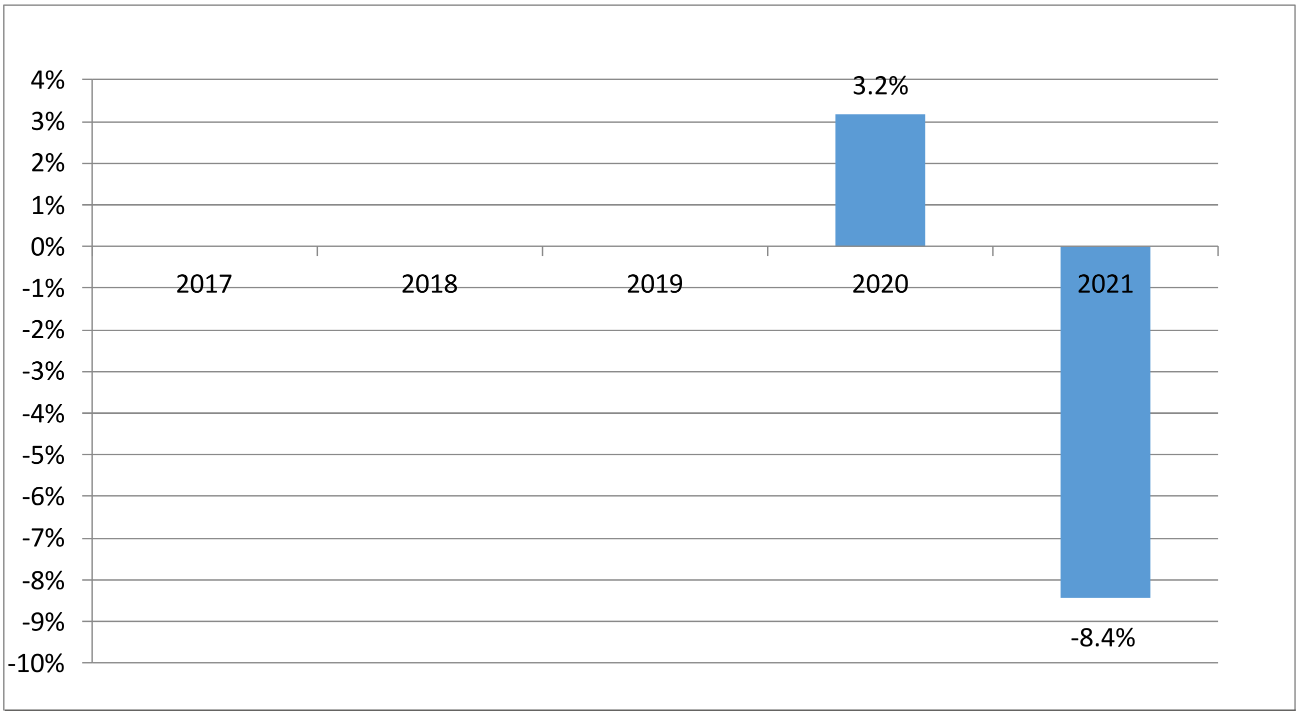
13. Hedged class risk

- There is no guarantee that the desired hedging instruments will be available or that the hedging techniques will be effective. Hedging can limit potential gains of a hedged class.

14. Dividends risk / distributions payable out of capital or effectively out of capital risk

- Payment of dividends out of capital or effectively out of capital may require the Manager to sell the assets of the Sub-Fund and 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 or effectively out of capital of the Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit of the relevant class.
- The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged unit class and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

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 dividend reinvested.
- The figures show by how much Class A Units: USD Unhedged MDis increased or decreased in value during the calendar year being shown. Performance data has been calculated in US$ 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: 22 November 2019
- Class A Units: USD Unhedged MDis launch date: 22 November 2019
- Class A Units: USD Unhedged MDis have the longest history and are broadly indicative of the Sub-Fund's performance characteristics.

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	What you pay
Subscription fee@	Up to 5% of the subscription monies
Redemption fee#	Nil
Switching fee^	Nil

@ *Investors may be subject to upward swing pricing adjustment when they subscribe for Units of the Sub-Fund after the initial offer period.*

Although the Sub-Fund does not charge a redemption fee, investors may still be subject to downward swing pricing adjustment when they redeem from the Sub-Fund.

^ *Both switching into the Sub-Fund (unless subscription of all classes of Units of the Sub-Fund is closed) and out of the Sub-Fund are permitted. Investors may be subject to: (a) upward swing pricing adjustment if they switch into the Sub-Fund effected by subscription after the initial offer period; or (b) downward swing pricing adjustment if they switch out of the Sub-Fund effected by redemption. Certain distributors may impose a charge for each switching of Units in a class of the Sub-Fund acquired through them for Units in another class of the Sub-Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their Units in one class to Units in another class should check with their respective distributors for the charge on switching.*

The swing pricing adjustments referred to in the above footnotes normally will not exceed 3% of the Net Asset Value per Unit of the relevant class. For further details, please refer to the sub-sections "Subsequent issue of Units" and "Payment of Redemption Proceeds" in the Explanatory Memorandum.

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 class of Units' Net Asset Value)
Management fee*	Class A Units: 0.80%
Performance fee	N/A
Trustee fee*	0.045% per annum of the Net Asset Value of the Sub-Fund, subject to a monthly minimum of USD4,500
Other fees	You may have to pay other fees when dealing in the Units of the Sub-Fund.

* *You should note that some fees may be increased, up to a specified permitted maximum, by giving affected 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 after the administrator receives your request in good order at or before 5:00 pm (Hong Kong time), 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).
- The Sub-Fund's Net Asset Value and the latest subscription and redemption prices of units are available each business day on the Manager's website www.valuepartners-group.com (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months will be available from the Manager on request and on the Manager's website.
- Investors may obtain information on the distributor(s) appointed in respect of the Sub-Fund by making a telephone enquiry with the Manager on (852) 2143 0688.

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.