

## PRODUCT KEY FACTS

**AB (HK) American Income Portfolio**  
a sub-fund of AB (HK) Unit Trust Series



**ALLIANCEBERNSTEIN®**

April 2022

AllianceBernstein Hong Kong Limited

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

### Quick facts

<b>Manager:</b>	AllianceBernstein Hong Kong Limited
<b>Trustee:</b>	State Street Trust (HK) Limited
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	USD
<b>Dividend policy:</b>	(i) For Class AA Units (and corresponding H Units): Aims to declare and pay monthly distributions with a stable distribution rate. Distributions are to be derived, or primarily derived, from gross income* (before deduction of fees and expenses), and may also include capital attributable to each class.

\*The Manager may in its discretion pay dividends out of gross income while paying all or part of the class' fees and expenses out of the capital, resulting in an increase in distributable income for the payment of dividends and therefore, dividends may be paid effectively out of capital.

(ii) For Class A2 Units (and corresponding H Units):  
None

### Ongoing charges over a year:

Class AA USD Units: 1.55%\*  
Class A2 USD Units: 1.26%^  
Class AA HKD Units: 1.55%\*  
Class A2 HKD Units: 1.55%\*  
Class AA AUD H Units: 1.55%\*  
Class A2 AUD H Units: 1.55%\*  
Class AA EUR H Units: 1.55%\*  
Class A2 EUR H Units: 1.55%\*  
Class AA GBP H Units: 1.55%\*  
Class A2 GBP H Units: 1.55%\*  
Class AA RMB H Units: 1.21%^  
Class A2 RMB H Units: 1.22%^

### Financial year end of this Sub-Fund:

31 August

### Min. investment:

Class AA and A2 Units  
(and corresponding H Units)

### Initial

USD2,000 HKD15,000  
AUD2,000 EUR2,000  
GBP2,000 RMB10,000

### Additional

USD750 HKD5,000  
AUD750 EUR750  
GBP750 RMB4,000

## AB (HK) Unit Trust Series - AB (HK) American Income Portfolio

<sup>^</sup> The ongoing charges figure is based on expenses for the year ended 31 August 2021. This figure may vary from year to year. The ongoing charges figure is an annual figure calculated by adding the applicable charges and payments deducted from the assets of the Sub-Fund and then dividing by the Sub-Fund's average net asset value for the fiscal year attributable to the relevant class.

\* The ongoing charges figure of this class is an estimated figure. The ongoing charges of this class have been capped at this figure and, accordingly, the excess over such figure as at the fiscal year end of AB (HK) Unit Trust Series will be borne by the Manager.

### What is this product?

The Sub-Fund is a sub-fund of AB (HK) Unit Trust Series, which is a unit trust established as an umbrella fund under the laws of Hong Kong.

### Objective and Investment Strategy

#### Objective

The Sub-Fund is a feeder fund investing all or substantially all of its assets in the American Income Portfolio ("**underlying scheme**"), a portfolio under AB FCP I, a mutual investment fund (fonds commun de placement) that is qualified as a UCITS under the laws of Luxembourg and authorised by the SFC.

The investment objective of the underlying scheme is to seek to provide a high level of current income consistent with preservation of capital by investing in a diversified portfolio of fixed-income securities.

#### Strategy

The underlying scheme's investments may include all types of U.S. Government securities, including those backed by the full faith and credit of the U.S. Government, those supported by the right to borrow from the U.S. Treasury and those backed by the credit of the issuing agency itself. The underlying scheme may also invest in fixed-income securities issued by U.S. corporations and by non-U.S. corporations and by governments other than that of the United States (including, but not limited to, states, provinces and municipalities) or their agencies and instrumentalities ("governmental entities") issuing securities denominated in USD and a variety of mortgage-backed securities and zero coupon securities.

The underlying scheme will maintain investment exposure of at least 65% of its net asset value in U.S. issuers. The investment manager of the underlying scheme anticipates that the underlying scheme will maintain investment exposure of at least 50% of its net asset value in (i) U.S. Government securities, and (ii) other fixed-income securities that, at the time of investment, are considered Investment Grade (as defined in the offering document of the underlying scheme to mean fixed-income securities rated Baa (including Baa1, Baa2 and Baa3) or higher by Moody's or BBB (including BBB+ and BBB-) or higher by S&P, or the equivalent thereof by at least one internationally recognised statistical ratings organization), or if not so rated, are determined by the investment manager of the underlying scheme to be of equivalent quality. Notwithstanding the foregoing, under certain market conditions the investment manager of the underlying scheme may obtain investment exposure in excess of 50% of the underlying scheme's net asset value in securities that are rated below Investment Grade if the investment manager of the underlying scheme deems such investments appropriate in light of current market conditions and the underlying scheme's investment objective.

The underlying scheme may invest less than 30% of its net asset value in debt instruments with loss-absorption features as defined by the SFC, including, but not limited to, contingent convertible securities, other Tier 1 and Tier 2 capital instruments and senior non-preferred debts. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

The investment manager of the underlying scheme expects that at any time the underlying scheme will maintain investment exposure of at least 80% of its net asset value in fixed-income securities, and in no case will the amount of the underlying scheme's investment exposure in such securities be less than half of the underlying scheme's net asset value. In no case will the amount of the underlying scheme's investment exposure to securities issued by American issuers be less than two-thirds of the underlying scheme's net asset value. For these purposes, an "American issuer" is a government, governmental agency, company or other entity that (i) is domiciled or organized

in, or (ii) is established and conducting business in, or (iii) carries out the preponderant part of its economic activities in North, South or Central America.

The investment manager of the underlying scheme does not expect to utilize bank borrowing in implementing the underlying scheme's investment strategy.

The underlying scheme may use financial derivative instruments for hedging, risk management, efficient portfolio management and as an alternative to investing directly in the underlying securities. Such financial derivatives instruments may include use of exchange-traded and OTC derivative instruments, including, swaps, options, futures and currency transactions.

### **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 Explanatory Memorandum for details including the risk factors.**

#### **1. General Investment Risk**

The Sub-Fund's investment 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. Risks of Investing in Underlying Scheme**

In addition to the expenses and charges charged by the Sub-Fund, investor should note that there may be additional fees involved when investing into the underlying scheme, such as fees and expenses charged by the service providers of the underlying scheme.

Furthermore, there can be no assurance that 1) the liquidity of the underlying scheme will always be sufficient to meet redemption request as and when made; and 2) the underlying scheme's investment objectives and strategies will be successfully achieved. These factors may have adverse impact on the Sub-Fund and its investors.

#### **3. Debt Securities Risk**

- Credit / Counterparty Risk

The underlying scheme is exposed to the credit/default risk of issuers of the debt securities that the underlying scheme may invest in.

- Interest Rates Risk

The underlying scheme invests in debt securities where its value will generally vary inversely with changes in interest rates and may affect the net asset value of the underlying scheme or the Sub-Fund. As interest rates rise, debt securities prices generally fall and vice versa. Prices of longer-term securities tend to rise and fall more than short-term securities.

- Volatility and Liquidity Risk

The debt securities in emerging markets that are less developed 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 underlying scheme may incur significant trading costs.

- Downgrading Risk

The underlying scheme will invest in debt securities (including bonds). An issuer of such debt securities may experience an adverse change in its financial condition which may in turn result in a downgrading in the credit rating to such issuer and debt securities issued by such issuer. Credit ratings of debt securities reflect the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. The adverse change in financial condition or decrease in credit rating(s) of issuer and debt securities may result in increased volatility in, and adverse impact on, the price of the relevant debt security and negatively affect liquidity, making any such debt security more difficult to sell. The value of the underlying scheme or the Sub-Fund may be adversely affected. The investment manager of the underlying scheme may not be able to dispose the debt

securities that are being downgraded.

- **Risk Associated with Debt Securities Rated Below Investment Grade or Unrated**

The underlying scheme will invest in high yield, high risk debt securities (including bonds) that are rated in the lower rating categories (i.e. below Investment Grade) or which are unrated. Debt securities below Investment Grade and unrated are considered to be subject to higher volatility and greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. The market for lower-rated securities may be thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. As a result the underlying scheme or the Sub-Fund, and thus the investors of the Sub-Fund, may suffer losses.

- **Sovereign Debt Risk**

The underlying scheme will be exposed to the direct or indirect consequences of political, social and economic changes in various countries by investing in the bonds issued or guaranteed by governmental entities. In adverse situations, these political, social and economic changes in a particular country may affect a particular government's ability or willingness to make or provide for timely payments of its debt obligations or may request the underlying scheme to participate in restructuring such debts. The underlying scheme or the Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

- **Valuation Risk**

Valuation of the underlying scheme's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the underlying scheme or 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.

**4. Risks Associated with Collateralised and/or Securitised Products (such as Asset Backed Securities, Mortgage Backed Securities and Asset Backed Commercial Papers)**

The underlying scheme invests in mortgage backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

**5. Concentration Risk**

The underlying scheme's investments are concentrated in the US market. The value of the underlying scheme may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the underlying scheme may be more susceptible to adverse economic, political, policy foreign exchange, liquidity, tax, legal or regulatory event affecting the market.

**6. Currency Risk**

Underlying investments may be denominated in one or more currencies different from the base currency of the underlying scheme or the Sub-Fund's base currency. This means changes in exchange rate controls, currency movements in such underlying investments and fluctuations in the exchange rates between these currencies and the base currency may significantly and unfavorably affect the net asset value of the underlying scheme or the Sub-Fund.

**7. Illiquid Assets Risk**

The difficulty of purchasing or selling a security at an advantageous time or price may have a negative impact on the performance of the underlying scheme or the Sub-Fund.

**8. Management Risk**

The Sub-Fund and the underlying scheme may be subject to management risk because it is an actively managed investment fund. The Manager or the investment manager of the underlying scheme (as the case may be) will apply its investment techniques and risk analyses in making investment decisions for the Sub-Fund or the underlying scheme, but there can be no guarantee that its decisions will produce the desired results.

**9. Risk in Investing in Financial Derivative Instruments**

Risks in investing with financial derivative instruments include counterparty / credit risk, liquidity risk, valuation risk, volatility 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 underlying scheme. Exposure to financial derivative instrument may lead to a high risk of significant loss by the Sub-Fund or the underlying scheme.

**10. Risk Relating to RMB Class(es)**

RMB is currently not freely convertible and is subject to exchange controls and restrictions. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the RMB class(es) of the Sub-Fund. When calculating the value of the RMB class(es), offshore RMB in Hong Kong ("CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in China ("CNY") and there may be significant bid and offer spreads. While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB 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). Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**11. Risk Relating to Hedged RMB Class(es)**

For hedged RMB class(es), investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions, which will be reflected in the net asset value of the relevant class(es). If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB class(es) may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective in which case investors may be subject to the following risks of investing in RMB class(es) on an unhedged basis: since the unit prices of RMB class(es) are denominated in RMB, but the Sub-Fund will have limited RMB-denominated underlying investments and its base currency is USD, so even if the prices of underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the underlying investments and/or the base currency more than the increase in the value of the underlying investments and/or the base currency.

Furthermore, under the scenario where RMB appreciates against the currencies of the underlying investments and/or the base currency of the Sub-Fund (i.e. USD), and the value of the underlying investments decreased, the value of investors' investments in RMB class(es) may suffer additional losses.

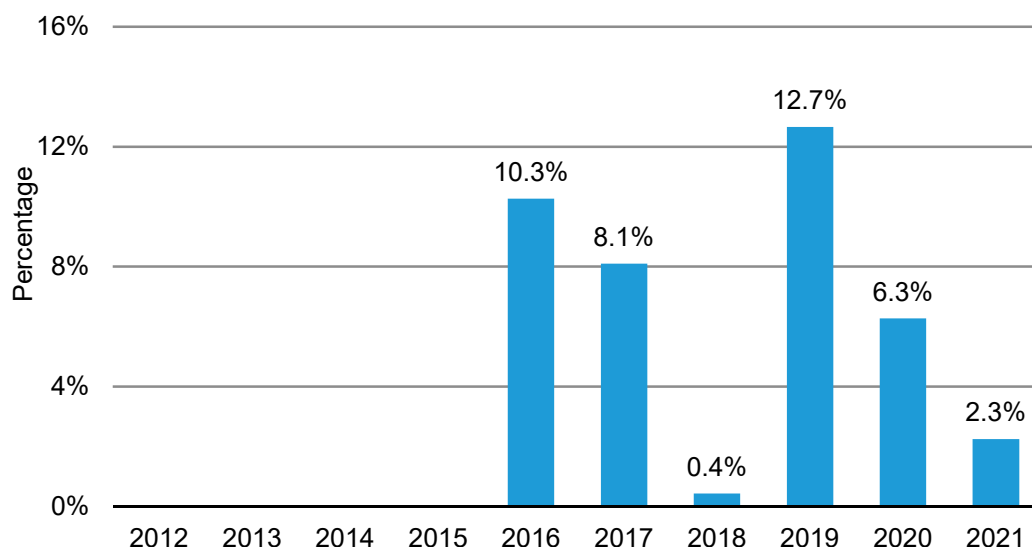
While the hedging strategy may protect investors against a decline in the value of the Sub-Fund's base currency and/or other currencies of the non-RMB denominated underlying investments relative to RMB, on the other hand, it will limit the hedged RMB class(es) from benefiting from any potential gain resulting from the appreciation of the base currency/other currencies of the non-RMB denominated underlying investments against RMB.

**12. Risks Associated with Payment of Dividends out of Capital**

The Manager has the sole and absolute discretion to amend the dividend policy, subject to the SFC's prior approval (if required) and by giving no less than one month's prior notice to investors. Dividend yield is not indicative of return of the Sub-Fund. Dividends may be paid effectively out of the capital of the Sub-Fund at the discretion of the Manager, which may amount to a partial return or withdrawal of an investor's original investment or from any capital gains attributable to that original investment, and result in an immediate decrease of the net asset value of the relevant units. The distribution amount and net asset value of the currency hedged unit classes may be adversely affected by differences in the interest rates of the class currency of the currency hedged unit classes 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?

The bar chart below shows the past performance of Class AA RMB H Units, which has been designated as the representative unit class by the Manager as it is a focus unit class made available to Hong Kong investors.



- 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 Class AA RMB H Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding any 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 year: 2015
- Class AA RMB H Units launch year: 2015

### 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 Charge  
(% of Issue Price)

#### What you pay

All Classes: up to 5.00%

Exchange Fee\*  
(% of the total amount being exchanged)

All Classes: Nil (Note 1)

Redemption Charge  
(% of redemption amount)

Not applicable

\* Any additional fees charged by distributors may still apply.

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### 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.

	The Sub-Fund	The underlying scheme	Aggregate fees <sup>(Note 2)</sup>
<b>Management Fee</b>	All Classes: 1.10% p.a. of net asset value <sup>(Note 1)</sup>	Class SHK shares: Nil	All Classes: 1.10% p.a. of net asset value
<b>Trustee Fee</b>	All Classes: 0.035% p.a. of net asset value <sup>(Note 1)</sup>	Not applicable	All Classes: 0.035% p.a. of net asset value
<b>Administration Fee</b>	All Classes: Up to 1% p.a. of net asset value	Up to 1.00% p.a. of net asset value of the underlying scheme	Please refer to Note 2
<b>Custodian / Depositary Fee</b>	Included in Trustee Fee		Please refer to Note 2
<b>Registrar / Transfer Agent Fee</b>	Up to 0.50% p.a. of net asset value		Please refer to Note 2
<b>Administration Fee payable to the management company</b>	Not applicable	Lesser of US\$50,000 or 0.01% p.a. of average daily net asset value	Please refer to Note 2
<b>Performance Fee</b>	Not applicable	Not applicable	Not applicable

Note 1: You should note that the current rate of exchange fee, management fee and trustee fee 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 sections headed "Exchange" and "Fees and Expenses" in the Explanatory Memorandum.

Note 2: For as long as the Sub-Fund is a feeder fund of the underlying scheme, the Manager has voluntarily undertaken that, in any fiscal year, the aggregate fees and expenses with respect to a class of the Sub-Fund (including any management fee, trustee fee and all other fees and expenses but exclusive of certain other taxes, brokerage or other transactional cost and interest on borrowings) shall not exceed the aggregate of (i) 1.40% p.a. of the net asset value for the fiscal year and (ii) the fees and expenses attributable to class SHK shares of the underlying scheme (which is subject to a cap of 0.15% p.a. of the average net asset value for the fiscal year attributable to such share class), i.e. 1.55% p.a. in aggregate (the "Cap"). In the event that the fees and expenses with respect to a class of the Sub-Fund exceed the Cap, the Sub-Fund may deduct from the payment to be made to the Manager, or the Manager will otherwise bear, such excess fees and expenses. If the actual aggregate fees and expenses with respect to a class of the Sub-Fund are below or equal to the Cap, the actual aggregate fees and expenses will be charged and borne by the relevant class.

### Other fees

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

### **Additional Information**

- You may generally buy and redeem units at the Sub-Fund's issue price and realisation price after the registrar (through the authorised distributors) receives your request in good order on or before 5:00 p.m. (Hong Kong time) on the business day immediately preceding the relevant dealing day, being the dealing cut-off time. The distributors may impose an earlier cut-off time before the dealing deadline for receiving instructions for subscriptions or redemptions. Investors should confirm the arrangements with the distributors concerned.
- The issue price and realisation price of the Sub-Fund are calculated and published on each dealing day on the Manager's website [www.alliancebernstein.com.hk](http://www.alliancebernstein.com.hk) or alternatively, you may contact the Manager at +852 2918 7888. This website is not reviewed or authorised by the SFC.

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- Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from [www.alliancebernstein.com.hk](http://www.alliancebernstein.com.hk).
- The following information can be obtained from the Manager on request:
  - the composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months. The composition of dividends will also be available at: [www.alliancebernstein.com.hk](http://www.alliancebernstein.com.hk).

### **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.