

# PRODUCT KEY FACTS

## Selection Investment Series E Fund (HK) Greater China Leaders Fund 27 April 2022

Issuer: E Fund Management (Hong Kong) Co., Limited  
易方達資產管理(香港)有限公司

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

### Quick facts

<b>Manager:</b>	E Fund Management (Hong Kong) Co., Limited	
<b>Trustee:</b>	ICBC (Asia) Trustee Company Limited	
<b>Custodian:</b>	Industrial and Commercial Bank of China (Asia) Limited	
<b>Ongoing charges over a year:</b>	#Class A USD Units (accumulation):	1.84%
	#Class A HKD Units (accumulation):	1.83%
	#Class A USD Units (distribution):	1.83%
	##Class A HKD Units (distribution):	2.60%
	##Class X USD Units (accumulation):	1.11%
	##Class X HKD Units (accumulation):	0.87%
	##Class X hedged RMB Units (accumulation):	0.87%
<b>Dealing frequency:</b>	Daily (Hong Kong business days)	
<b>Base currency:</b>	United States Dollars (USD)	
<b>Dividend policy:</b>	<p>Distribution Classes: The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be made once per year for distribution classes of Units. The Sub-Fund will not pay dividends out of capital / effectively out of capital.</p> <p>Accumulation Classes: No distributions to Unitholders.</p>	
<b>Financial year end of this fund:</b>	31 December	
<b>Minimum initial investment:</b>	Class A USD Units:	USD100
	Class A HKD Units:	HKD1,000
	Class X USD Units:	USD100
	Class X HKD Units:	HKD1,000

	Class X hedged RMB Units:	RMB1,000
<b>Minimum subsequent investment:</b>	Class A USD Units:	USD100
	Class A HKD Units:	HKD1,000
	Class X USD Units	USD100
	Class X HKD Units:	HKD1,000
<b>Minimum holding:</b>	Class X hedged RMB Units:	RMB1,000
	Class A USD Units:	USD100
	Class A HKD Units:	HKD1,000
	Class X USD Units	USD100
<b>Minimum redemption amount:</b>	Class X HKD Units:	HKD1,000
	Class X hedged RMB Units:	RMB1,000
	Class A USD Units:	USD100
	Class A HKD Units:	HKD1,000
	Class X USD Units	USD100
	Class X HKD Units:	HKD1,000
	Class X hedged RMB Units:	RMB1,000

# The ongoing charges figure is based on the expenses for the year ended 31 December 2021, expressed as a percentage of the average Net Asset Value over the same period. This figure may vary from year to year.

## As these unit classes are newly launched/have not been launched, this figure is an estimate only. The estimate covers the Sub-Fund's ongoing charges (including but not limited to the management fee, trustee fee, operating costs) and the establishment cost that would be amortized over 5 years, expressed as a percentage of the average Net Asset Value over a year. The actual figure may be different from the estimated figure and may vary from year to year.

## What is this product?

The E Fund (HK) Greater China Leaders Fund (the "Sub-Fund") is a sub-fund of Selection Investment Series which is a unit trust established by a trust deed dated 22 December 2014 as an umbrella fund under the laws of Hong Kong.

## Objectives and investment strategy

### Objective

The investment objective of the Sub-Fund is to achieve medium to long-term capital appreciation primarily through equity-based investments in equity and equity-related securities of "leading" companies which are incorporated in, have their area of primary activity in or are related to the growth of the economy in Mainland China. There can be no assurance that the Sub-Fund will achieve its investment objective.

### Strategy

#### Investment Strategy

The Sub-Fund will invest at least 70% of its Net Asset Value (“NAV”) in equity or equity-related securities of companies whose activities are closely related to the economic development and growth of Mainland China. The Sub-Fund places emphasis on sectors and “leading” companies that, in the opinion of the Manager, exhibit growth investment characteristics, such as above-average growth rates in earnings or sales and high or improving returns on capital. Such companies may also have attained or exhibited potential to attain above average market share in the geography they operate, or in one or more products or services within its principal sector.

These companies may be listed in Hong Kong, Singapore, Taiwan, the United States and Mainland China. Equity and equity-related securities include but are not limited to common stocks, preference shares, American Depositary Receipts (“ADRs”) and Global Depositary Receipts (“GDRs”). The Sub-Fund may invest in equity or equity-related securities of companies of any capital size. The Sub-Fund may invest into Mainland market with less than 30% of its non-cash assets.

The Manager may invest less than 30% of the Sub-Fund's non-cash assets in A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange directly through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect (together, the “Stock Connect”) or via the Manager's RQFII status.

The Manager is of the view that long-term returns can most efficiently be achieved by identifying good quality stocks at a reasonable price and holding them for the long term. An estimate of a company's worth is analysed in two stages, assessing quality then price. Quality is defined with reference to management, business focus, balance sheet and corporate governance. Price is calculated relative to key financial ratios, market, peer group and business prospects. Generally, the Sub-Fund is run with an emphasis on traditional buy-and-hold investment resulting in low turnover.

The Sub-Fund may invest in financial derivative instruments (“FDIs”) for hedging purposes only. The Sub-Fund will not write any options. The Sub-Fund will not invest in any FDIs for investment purpose.

The Sub-Fund may also invest no more than 30% of the NAV in money market funds, cash or cash equivalents, to the extent not invested in accordance with the above, for cash management purpose, except under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of the NAV in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The Sub-Fund currently has no intention to invest in structured deposits, structured products or over-the-counter securities, or to take any short positions, and the Manager will not enter into any securities lending, sale and repurchase or reverse-repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. The Sub-Fund will not invest in collateralised and/or securitised securities (including asset backed commercial papers and mortgage backed securities). If any of this changes in the future, prior approval of the SFC will be sought (if required) and not less than one month's notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

## **Use of derivatives / Investment in 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 Explanatory Memorandum for details including the risk factors.**

### **1. Investment risk**

- Investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the Sub-Fund's assets. Accordingly, there is a risk that you may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of your investment.

### **2. Concentration risk**

- The Sub-Fund's investments are concentrated in companies whose activities are closely related to the economic development and growth of Mainland China. This may result in greater volatility and potential settlement difficulties than portfolios which comprise broad-based global investments and thereby may adversely affect the value of the Sub-Fund. A large proportion of such companies invested by the Sub-Fund may also be listed on a single stock market such as Hong Kong. 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 Greater China market and the relevant stock market where such companies are listed.

### **3. Equity risk**

- The value of the Sub-Fund's investments might suddenly and substantially decrease in value due to factors such as the possibility of sudden or prolonged market declines and risks associated with individual companies. Economic, political or issuer-specific changes may adversely affect individual companies as well as the NAV.

#### **4. Mainland China related risks**

- Investing in Mainland China involves 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.
- The financial reporting standards and practices applicable to Mainland Chinese companies may be less rigorous. As the disclosure and regulatory standards in Mainland China are less stringent than in more developed markets, there might be substantially less publicly available information about issuers in Mainland China on which the Manager can base investment decisions.

#### **5. Risks associated with ADRs and GDRs**

- Exposure to ADRs and GDRs may generate additional risks compared to a direct exposure to the corresponding underlying stocks. There could be a risk that underlying shares would not be attributed to holders of ADRs/GDRs in case of bankruptcy of the depositary bank.
- Fees related to ADRs/GDRs may impact their performance. Also, holders of ADRs/GDRs are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights. The Sub-Fund may also be subject to liquidity risk.

#### **6. Mainland China tax risk**

- The Sub-Fund may be exposed to risks associated with changes in current Mainland China tax laws, regulations and practice in respect of capital gains realised via RQFII or Stock Connect on the Sub-Fund's investment in Mainland China (which may have retrospective effect). Any increase tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on independent professional tax advice and in accordance with such advice, the Manager will not make any withholding income tax provision for the account of the Sub-Fund in respect of any potential Mainland China tax liability on gross unrealised and realised gains realised on the Sub-Fund's trading of A-Shares. In the event that such tax liability is imposed, the relevant amounts will be deducted from the Sub-Fund's assets which may consequently reduce the value of the units.

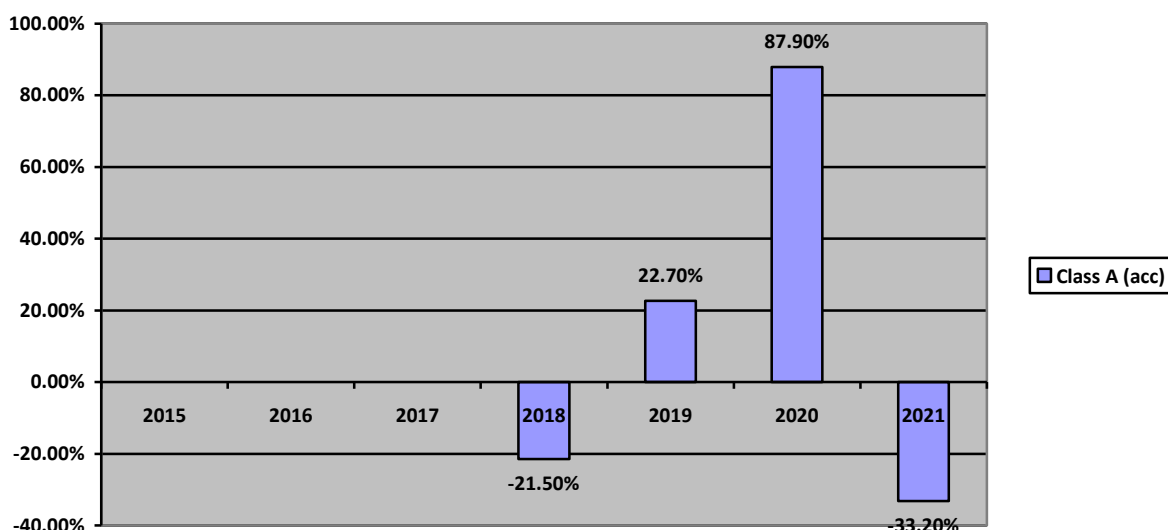
#### **7. Foreign exchange risk**

- An investment in the Sub-Fund may involve exchange rate risk. The investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund (which is USD), including the RMB. The RMB is not freely convertible and subject to exchange controls and restrictions. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. There is also no guarantee that such other currencies will not depreciate. Fluctuations in the exchange rates between such other currencies and the base currency as well as associated fees and charges may have an adverse impact on the performance of the Sub-Fund.

#### **8. Liquidity risk**

- The Sub-Fund may invest in securities where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Sub-Fund may become less liquid in response to market developments or adverse investor perceptions.
- In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the Sub-Fund's value or prevent the Sub-Fund from being able to take advantage of other investment opportunities.

### **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.
- These figures show by how much the class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD 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: 2016.
- Class A (acc) launch date: 2017.
- The Manager views Class A (acc), being the retail class denominated in the Sub-Fund's base currency, as the most appropriate representative class.

## Is there any guarantee?

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

## What are the fees and charges?

### Charges which may be payable by you

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

Fee	What you pay
Subscription fee	Up to 3% of the Issue Price
Switching fee (i.e. conversion fee)	Nil
Redemption fee	Nil for Class A and Class X Units

### 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.

Fee	Annual rate (as a % of the Sub-Fund's NAV)
Management fee	Class A Units: 1.5%* Class X Units: 0.5%*
Performance fee	Nil

Trustee fee	0.11%* (inclusive of fees payable to the Registrar and the Transfer Agent)
Custodian fee	Up to 0.08%*. This is a safekeeping fee (as a percentage per annum on the market value of the investment in custody (nominal value will only be used when market value is unavailable) at the end of the month) the percentage of which will vary based on the market on which the securities are traded or held  Subject to a minimum monthly fee (Trustee fee and Custodian fee collectively) of USD 5,000.

### **Other fees**

The Sub-Fund may have to pay other fees when dealing in the investments 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 NAV which is determined on the dealing day on which your request is received in good order at or before 4:00 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 NAV and the latest issue and redemption prices of Units are available on the Manager's website <http://www.efunds.com.hk> (this website has not been reviewed by the SFC) on each Dealing Day.
- Investors may obtain the past performance information of other classes offered to Hong Kong investors from <http://www.efunds.com.hk> (this 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.