

PRODUCT KEY FACTS

Harvest Funds (Hong Kong) - Harvest HKD Money Market Fund

April 2022



- ***This statement provides you with key information about Harvest HKD Money Market 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:	Harvest Global Investments Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Ongoing charges over a year#:	Class A (HKD): 0.25% Class A (HKD Acc): 0.25% Class A (USD): 0.25% Class A (USD Acc): 0.25% Class A (USD Hedged): 0.25% Class A (USD Hedged Acc): 0.25% Class A (RMB): 0.25% Class A (RMB Acc): 0.25% Class A (RMB Hedged): 0.25% Class A (RMB Hedged Acc): 0.25% Class C (HKD): 0.45% Class C (HKD Acc): 0.45% Class C (USD): 0.45% Class C (USD Acc): 0.45% Class C (USD Hedged): 0.45% Class C (USD Hedged Acc): 0.45% Class C (RMB): 0.45% Class C (RMB Acc): 0.45% Class C (RMB Hedged): 0.45% Class C (RMB Hedged Acc): 0.45%
Dealing frequency:	Daily on each Business Day*
Base currency:	HKD
Dividend policy:	Accumulation classes: no dividend distributions, income and gains (if any) will be reinvested. Distribution classes: currently on a monthly basis, subject to the Manager's discretion and dividends may be paid out of capital or effectively out of capital.
Financial year end of this fund:	31 December
Min. investment:	Class A (HKD) and Class A (HKD Acc): HK\$1,000 initial, HK\$1,000 additional Class A (USD), Class A (USD Acc), Class A (USD Hedged) and Class A (USD Hedged Acc): US\$100 initial, US\$100

	<p>additional</p> <p>Class A (RMB), Class A (RMB Acc), Class A (RMB Hedged Acc), Class A (RMB Hedged): RMB1,000 initial, RMB1,000 additional</p> <p>Class C (HKD) and Class C (HKD Acc): HK\$1</p> <p>Class C (USD), Class C (USD Acc), Class C (USD Hedged) and Class C (USD Hedged Acc): US\$1</p> <p>Class C (RMB), Class C (RMB Acc), Class C (RMB Hedged) and Class C (RMB Hedged Acc): RMB1</p> <p>Class A (HKD) and Class A (HKD Acc): HK\$1,000</p> <p>Class A (USD), Class A (USD Acc), Class A (USD Hedged) and Class A (USD Hedged Acc): US\$100</p> <p>Class A (RMB), Class A (RMB Acc), Class A (RMB Hedged Acc), Class A (RMB Hedged): RMB1,000</p> <p>Class C (HKD) and Class C (HKD Acc): HK\$1</p> <p>Class C (USD), Class C (USD Acc), Class C (USD Hedged) and Class C (USD Hedged Acc): US\$1</p> <p>Class C (RMB), Class C (RMB Acc), Class C (RMB Hedged) and Class C (RMB Hedged Acc): RMB1</p>
Min. holding:	<p>Class A (HKD) and Class A (HKD Acc): HK\$1,000</p> <p>Class A (USD), Class A (USD Acc), Class A (USD Hedged) and Class A (USD Hedged Acc): US\$100</p> <p>Class A (RMB), Class A (RMB Acc), Class A (RMB Hedged Acc), Class A (RMB Hedged): RMB1,000</p> <p>Class C (HKD) and Class C (HKD Acc): HK\$1</p> <p>Class C (USD), Class C (USD Acc), Class C (USD Hedged) and Class C (USD Hedged Acc): US\$1</p> <p>Class C (RMB), Class C (RMB Acc), Class C (RMB Hedged) and Class C (RMB Hedged Acc): RMB1</p>
Min. redemption:	<p>Class A (HKD) and Class A (HKD Acc): HK\$1,000</p> <p>Class A (USD), Class A (USD Acc), Class A (USD Hedged) and Class A (USD Hedged Acc): US\$100</p> <p>Class A (RMB), Class A (RMB Acc), Class A (RMB Hedged Acc), Class A (RMB Hedged): RMB1,000</p> <p>Class C (HKD) and Class C (HKD Acc): HK\$1</p> <p>Class C (USD), Class C (USD Acc), Class C (USD Hedged) and Class C (USD Hedged Acc): US\$1</p> <p>Class C (RMB), Class C (RMB Acc), Class C (RMB Hedged) and Class C (RMB Hedged Acc): RMB1</p>
<p># The ongoing charges figure for Class A Unit and Class C Unit is capped at 0.25% and 0.45% respectively, of the average net asset value of the relevant unit class calculated based on the Sub-Fund's ongoing charges for the financial year ended 31 December 2021. Any ongoing expenses in excess of the respective cap has been borne by the Manager and has not been charged to the Sub-Fund. The caps on the ongoing charges figures on Class A Unit and Class C Unit will be in place until further notice. At least one month's prior written notice will be given to affected Unitholders should the caps on the ongoing charges figures be increased or removed. Prior notice will not be given to Unitholders if the caps on the ongoing charges figures are continued or lowered.</p>	
<p>* a day (other than a Saturday) on which banks in Hong Kong are open for normal banking business</p>	

What is this product?

Harvest HKD Money Market Fund (the "**Sub-Fund**") is a sub-fund of Harvest Funds (Hong Kong) (the "**Fund**") 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 purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company, that the Manager has no obligation to redeem Units at the offer value and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant net asset value ("NAV") and does not guarantee the repayment of investment principal.

Objectives and Investment Strategy

Objectives

The Sub-Fund's objective is to provide returns in line with money market rates in HKD terms by investing primarily in a portfolio of short-term deposits and high quality money market investments.

Strategy

The Sub-Fund will invest at least 70% of its NAV in HKD-denominated and settled short-term deposits and high quality money market instruments (including but not limited to government bills, certificates of deposit, commercial papers, short-term notes, bankers' acceptances, asset-backed securities) and money market funds which are authorised by the Securities and Futures Commission ("**SFC**") under 8.2 of the Code on Unit Trusts and Mutual Funds (the "**Code**") or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC. The Sub-Fund will invest up to 30% of its NAV into debt securities, non-HKD-denominated short-term deposits and high quality money market instruments (including but not limited to government bills, certificates of deposit, commercial papers, short-term notes, bankers' acceptances, asset-backed securities). The Manager may hedge any non-HKD denominated investments into HKD to manage any material currency risk.

The value of the Sub-Fund's holding of investments in the form of asset-backed securities, such as mortgage backed securities and asset backed commercial papers, may not exceed 15% of its NAV.

The Sub-Fund may, in aggregate, invest no more than 10% of its NAV in money market funds that are authorized by the SFC under 8.2 of the Code or regulated in the U.S. or Luxembourg in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may not invest more than 20% of its NAV into onshore China markets through available means, including, but not limited to, the mutual bond market access between Hong Kong and Mainland China.

Weighted average maturity and weighted average life

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities (as detailed in the Explanatory Memorandum of the Fund). The Sub-Fund must hold at least 7.5% of its NAV in daily liquid assets and at least 15% of its NAV in weekly liquid assets.

Credit rating

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and liquidity profile of the money market instruments must be taken into account. The Sub-Fund will invest in money market instruments with a short term rating of at least P-3 (Moody's), A-3 (Standard & Poor's) or F3 (Fitch), or where the issuer of the instrument is rated investment grade* or above. In relation to debt securities, the Sub-Fund will mainly invest in debt securities rated investment grade* or above but it may invest up to 3% of its NAV into non-investment grade or unrated debt securities, including securities issued by and/or guaranteed by any single sovereign issuer that is rated non-investment grade and/or unrated (including its government and a public or local authority of that country).

* For these purposes, investment grade means the instrument or security itself or the issuer is rated BBB- or above (where rated by an internationally recognised credit rating agency such as Moody's or Standard & Poor's) or AAA (where rated by a Mainland Chinese domestic credit rating agency).

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of its NAV except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of government and other public securities (as

defined in the Explanatory Memorandum), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund may borrow up to 10% of its NAV but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its NAV. For the avoidance of doubt, the amount of cash received by the Sub-Fund from borrowing and under sale and repurchase transactions may not in aggregate exceed 10% of the Sub-Fund's NAV. The Sub-Fund will not engage in securities lending or reverse repurchase transactions.

The Sub-Fund will use derivatives for hedging purposes only (including currency hedging), to the extent permitted by the Code, as amended by the SFC from time to time.

Use of derivatives / investment in derivatives

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

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. There is also no guarantee of regular distribution payments during the period you hold the Units of the Sub-Fund. 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 money market instruments

- *Volatility and liquidity risk* – The Sub-Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large or such money market instruments may be sold at discount to its face value, and hence, the Sub-Fund may incur significant trading and realisation costs and losses may be suffered.
- *Credit / counterparty risk* – The Sub-Fund is exposed to the credit/default risk of issuers of the money market 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 debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Credit rating downgrading risk* – The credit rating of a money market instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the money market instruments that are being downgraded.
- *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.
- *Valuation risk* – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the calculation of the Sub-Fund's NAV.

- *Credit rating risk* – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or issuers at all times.

Concentration risk

- The Sub-Fund invests primarily in HKD-denominated instruments and securities. The concentration of its investment may subject it to great volatility than portfolios which comprise broad-based global investments that are not focused on a specific currency denomination, country, sector or type of investment.

Risks associated with bank deposits

- Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. While currency hedging will be employed where appropriate, there is no assurance that such hedging will be effective to mitigate all foreign exchange risks. Therefore, the performance of the Sub-Fund may be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Fund.
- A class of Units may be designated in a currency other than the base currency of the Sub-Fund. 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.

Risks relating to currency hedging / hedged classes

- The Sub-Fund offers hedged classes of Units. There is no guarantee that the desired hedging instruments will be available or that the hedging techniques will achieve their desired results.
- The use of class hedging strategies may also substantially limit unitholders of a hedged class from benefiting if the class currency falls against the currency in which the assets of the Sub-Fund are denominated, i.e. it may limit potential gains of the hedged class.

Risk of short-term money market instruments

- The Sub-Fund will invest mainly in short-term money market instruments. Short-term money market instruments are not risk-free and investing in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company.
- As the Sub-Fund invests significantly in short-term money market instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term money market instruments may also increase which in turn may have a negative impact on the NAV of the Sub-Fund.

RMB denominated class(es) related risk

- The Sub-Fund offers RMB denominated class(es).
- There is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investments in the RMB denominated class(es) of the Sub-Fund.
- If investors convert their own currencies (for example HKD) to invest in the RMB denominated class(es), 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).
- For unhedged RMB denominated class(es), depending on the exchange rate movements of RMB relative to the base currency of the Sub-Fund and/or other currency(ies) of the non-RMB-denominated underlying investments of the Sub-Fund, investors may still suffer losses even if there are gains or no losses in the value of the non-RMB-denominated underlying investments.
- 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.

- 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 sale and repurchase transactions

- In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

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.

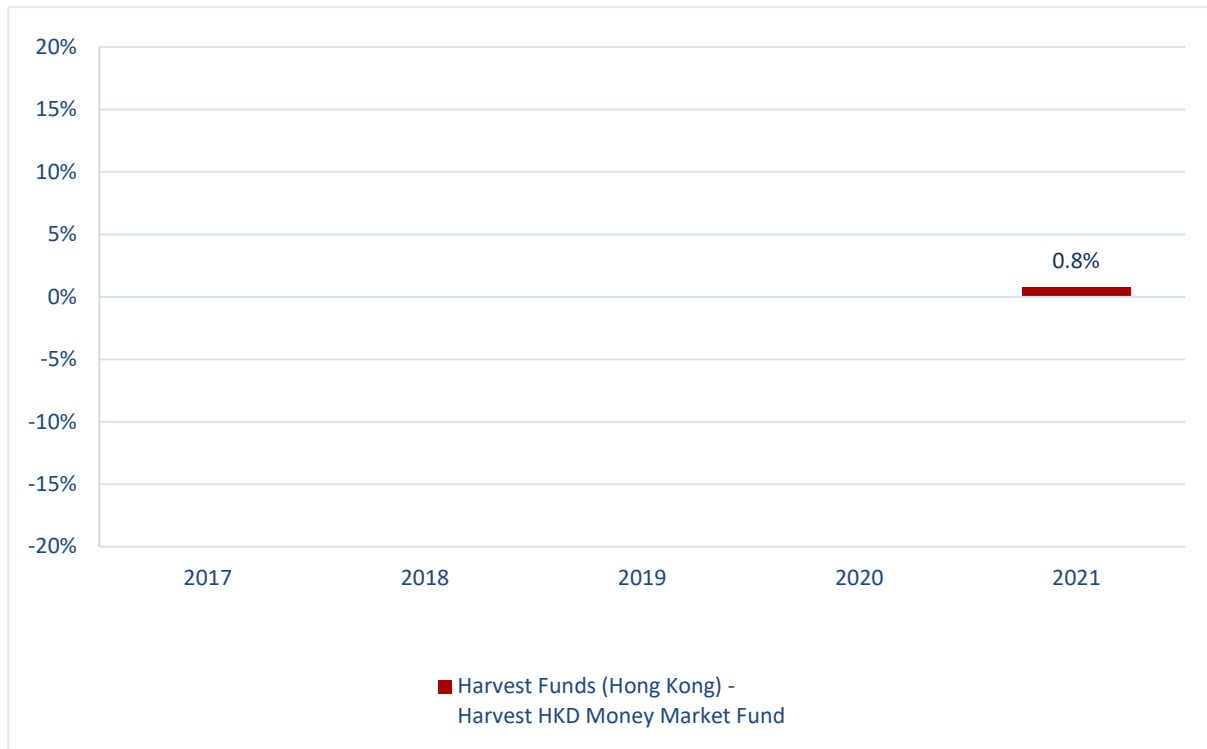
Distribution from capital

- The Manager may pay distributions out of the capital or effectively out of capital of the Sub-Fund. The payment of distributions out of capital or effectively out of capital represents a return or a withdrawal of part of the amount an investor originally invested or capital gains attributable to that amount. Distributions will result in an immediate decrease in the NAV of the relevant Units.
- The distribution amount and the NAV of a hedged class of Units may be adversely affected by differences in the interest rates of the reference currency of the hedged class of Units 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 classes of Units.

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?



- 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 C (HKD) Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD 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 C (HKD) Unit is selected as representative unit class as it is the only share class with available past performance information.
- Sub-Fund launch date: 17 March 2020
- Class C (HKD) Unit launch date: 17 March 2020

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.

<u>Fee</u>	<u>What you pay</u>
Preliminary Charge (% of total subscription amount)	Class A: up to 5%* Class C: up to 5%*
Redemption Charge (% of Redemption Price)	Class A: Nil* Class C: Nil*
Switching Charge (% of total amount being switched out of the existing class)	Class A: up to 1%* Class C: up to 1%*

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.

	<u>Annual rate (as a % of the Sub-Fund's net asset value)</u>
Management Fee	Class A: 0.1% p.a.* Class C: 0.3% p.a.*
Trustee Fee	Class A: up to 0.075% p.a.* Class C: up to 0.075% p.a.* subject to a minimum monthly fee of HKD30,000
Custody Fee	Class A: up to 0.018% p.a. Class C: up to 0.018% p.a.
Performance Fee	Class A: Nil Class C: 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 NAV after the Trustee or an Authorised Distributor receives your request in good order on or before 3 p.m. (Hong Kong time) on the relevant Dealing Day¹.
- The NAV per Unit of this Sub-Fund is calculated every Business Day and the price of Units is published each Business Day on the Manager's website, www.harvestglobal.com.hk².
- The composition of the latest dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months is available from the Manager on request and on the Manager's website www.harvestglobal.com.hk³.

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.

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

³ The website has not been reviewed by the SFC