

PRODUCT KEY FACTS

BOC-Prudential

MSCI MPF Golden Dragon Index Fund

a sub-fund of
the BOC-Prudential Index Fund Series

29 April 2022

Issuer: BOCI-Prudential Asset Management Limited

- ***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

Fund Manager:	BOCI-Prudential Asset Management Limited (the “Investment Manager”)
Trustee and Registrar:	BOCI-Prudential Trustee Limited
Ongoing charges over a year[#]:	Provident Class – Class A (HKD) Units: 0.22%
Underlying index:	MSCI MPF Golden Dragon Index
Tracking difference of the last calendar year:	-0.13%
Distribution policy:	The Investment Manager does not intend to make distributions for the sub-fund. Income earned will be reinvested in the sub-fund.
Financial year end:	31 March
Minimum investment:	Provident Class – Class A (HKD) Units: no minimum investment and subsequent holding requirement
Dealing frequency:	Daily (Hong Kong business days, other than Saturdays)
Base currency:	Hong Kong Dollars

[#] The ongoing charges figure is based on expenses of such class of units for the period ended 30 September 2021. This figure may vary from year to year.

What is this product?

BOC-Prudential MSCI MPF Golden Dragon Index Fund (the “**sub-fund**”) is a sub-fund under the BOC-Prudential Index Fund Series, which is an umbrella unit trust established under the laws of Hong Kong. The sub-fund is a passively managed index tracking fund falling under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds.

Objectives and Investment Strategy

The sub-fund seeks to provide investment performance (before fees and expenses) that tracks the performance of the MSCI MPF Golden Dragon Index by investing primarily in a portfolio of large and mid cap equity securities of the Hong Kong companies and Chinese companies (including H shares, shares of red-chip companies and shares of P-chip companies) and real estate investment trusts ("REITs") listed on the Stock Exchange of Hong Kong Limited ("SEHK"), A shares listed on the Shanghai Stock Exchange ("SSE") or the Shenzhen Stock Exchange ("SZSE"), foreign listed securities and kinds of securities approved by the Mandatory Provident Fund Schemes Authority (the "MPFA") listed on approved stock exchanges, as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation (the "Regulation") and the relevant codes and guidelines as may be issued by the MPFA from time to time (including American depositary receipts ("ADRs") and global depositary receipts ("GDRs")), and equity securities listed on the Taiwan Stock Exchange and/or exchange traded funds ("ETFs") with underlying exposure to Taiwan equity securities. The sub-fund may invest up to 20% of its net asset value in a single ETF from Luxembourg, Ireland or the United Kingdom. The sub-fund may also invest up to 10% of its net asset value in any single ETF from jurisdictions other than Luxembourg, Ireland or the United Kingdom. Cash or time deposits may be considered when appropriate.

The sub-fund may invest less than 30% of its net asset value in A shares directly through the Stock Connect¹ and/or indirectly through ETFs.

Normal Asset Allocation: 70% – 100% (i) equity securities and REITs listed on the SEHK, (ii) A shares listed on the SSE or the SZSE (directly through the Stock Connect and/or indirectly through ETFs), (iii) foreign listed securities and kinds of securities approved by the MPFA listed on approved stock exchanges, as permitted under Schedule 1 to the Regulation and the relevant codes and guidelines as may be issued by the MPFA from time to time (including ADRs and GDRs) and (iv) equity securities listed on the Taiwan Stock Exchange and/or ETFs with underlying exposure to Taiwan equity securities

0 – 30% cash or time deposits

The Investment Manager will primarily adopt representative sampling strategy by which assets of the sub-fund will be invested in a portfolio featuring high correlation with the MSCI MPF Golden Dragon Index. The sub-fund adopts representative sampling strategy and may not hold all of the securities that are included in the MSCI MPF Golden Dragon Index. The Investment Manager may invest in securities included in the MSCI MPF Golden Dragon Index, or in other securities that are not included in the MSCI MPF Golden Dragon Index provided that the portfolio matches the characteristics of the index and such investment assists the sub-fund to achieve its investment objective and is subject to applicable investment restrictions. In selecting which securities to invest, the Investment Manager will use quantitative analytical models, under which each stock is considered for inclusion in the sub-fund based on its capitalisation, industry and fundamental investment characteristics. The sub-fund may overweight/underweight the underlying holdings of a particular constituent security's weighting in the MSCI MPF Golden Dragon Index provided that any such differences of weightings is subject to a maximum limit of 4%.

The sub-fund currently does not invest in or have any exposure to any B shares listed on the stock exchanges in the People's Republic of China (the "PRC"). If such investments are undertaken in the future, the offering documents will be updated.

The sub-fund will invest not more than 10% of its net asset value in structured deposits or structured products or other financial derivative instruments and such investments will be for hedging purposes only.

The sub-fund will not invest in debt instruments or bonds.

Currently, the Investment Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the sub-fund. Subject to the prior approval of the SFC, the sub-fund may by giving to the unitholders no less than one month's prior written notice engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the sub-fund.

¹ "Stock Connect" means Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, which are securities trading and clearing linked programmes with an aim to achieve mutual stock market access between Mainland China and Hong Kong.

Underlying Index - MSCI MPF Golden Dragon Index

The MSCI MPF Golden Dragon Index is designed to measure the performance of the large and mid cap securities of the Hong Kong listed Hong Kong and Chinese companies (H shares, red-chips and P-chips), the Hong Kong listing of HSBC, the Mainland China listed companies (A shares), foreign listed securities and kinds of securities approved by the MPFA (including ADRs and GDRs), and companies listed in Taiwan. The MSCI MPF Golden Dragon Index is compiled and managed by MSCI Inc. ("MSCI").

The underlying index is a total return, free float-adjusted market capitalisation weighted index. It forms part of the MSCI Hong Kong MPF Indexes which is developed by MSCI. The base currency of the underlying index is Hong Kong dollars. It was launched on 25 July 2013 and it has a base date of 30 November 2000.

MSCI is the index provider of the MSCI MPF Golden Dragon Index. MSCI is independent of the Investment Manager or its connected persons.

As at 13 April 2022, the MSCI MPF Golden Dragon Index consists of 854 constituent securities and has a total market capitalisation of approximately USD 3,852.93 billion.

As at 13 April 2022, approximately 9.83% of the constituent securities of the MSCI MPF Golden Dragon Index are listed on the SSE or the SZSE, approximately 58.36% of the constituent securities are listed on the SEHK and approximately 25.22% of the constituent securities are listed on the Taiwan Stock Exchange. Approximately 0.49% of the constituent securities are REITs. The composition of the underlying index may change from time to time. The percentage of investment in equity securities listed on the SSE or the SZSE, the SEHK and the Taiwan Stock Exchange by the sub-fund depends on the percentage of Mainland China, Hong Kong and Taiwan constituent securities of the MSCI MPF Golden Dragon Index, which changes from time to time.

The list of constituent securities of the MSCI MPF Golden Dragon Index and with their respective weightings are available on the website of MSCI (<https://www.msci.com/constituents/>). Investors should note that the list of constituent securities of the MSCI MPF Golden Dragon Index may be updated from time to time.

The index methodology and the latest index information of the MSCI MPF Golden Dragon Index are available from MSCI's website (www.msci.com). Please refer to the "The MSCI MPF Golden Dragon Index" section of the Appendix to the Principal Brochure for further details of the underlying index.

Use of derivatives / investment in derivatives

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's net asset value.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

1. General investment risk

The sub-fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the sub-fund may suffer losses. There is no guarantee in respect of repayment of principal.

2. Currency risk

Underlying investments of the sub-fund may be denominated in currencies other than the base currency of the sub-fund. Also, a class of Units may be designated in a currency other than the base currency of the sub-fund. The net asset value 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.

3. Equity market risk

The sub-fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

4. Mid-capitalization companies risk

The sub-fund invests in large to mid-capitalization companies. The stocks of mid-capitalization companies may have lower liquidity and their prices are typically more volatile to adverse business or economic developments than those of larger capitalization companies.

5. Concentration risk

- The sub-fund's investments focus on the PRC and Hong Kong markets and the Taiwan market. The value of the sub-fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The value of the sub-fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the PRC and Hong Kong markets and/or the Taiwan market.

6. Emerging market / PRC market risk

Investing in emerging markets / the PRC market may involve 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.

7. Risks associated with Stock Connect

The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. Each of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect is subject to a Daily Quota which does not belong to the sub-fund and can only be utilized on a first come, first served basis. Where a suspension in the trading through the programme is effected, the sub-fund's ability to invest in A shares or access the PRC market through the programme will be adversely affected. In such event, the sub-fund's ability to achieve its investment objective could be negatively affected.

8. Risk associated with high volatility of the equity market in Mainland China

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect the value of the sub-fund.

9. Risk associated with regulatory/exchanges requirements/policies of the equity market in Mainland China

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

10. Foreign exchange and RMB currency and conversion risks

- Underlying investments of the sub-fund may be denominated in currencies (e.g. RMB (specifically offshore RMB (CNH) or onshore RMB (CNY))) other than the base currency of the sub-fund (i.e. HKD). The net asset value 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.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investors' investments in the sub-fund. Although CNH and CNY are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- The sub-fund may also be subject to bid/ offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.

11. Risks relating to investment in ETFs

Investors should note that the market price of the units of an ETF traded on a stock exchange is determined not only by the net asset value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the relevant stock exchange. Therefore, there is a risk that the market price of the units of the ETF traded on the relevant stock exchange may diverge significantly from the net asset value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income. Further, an ETF is not actively managed, and the manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

12. Depository receipts risk

Depository receipts are designed to offer exposure to their underlying securities. In certain situations, the Investment Manager may use depository receipts such as ADRs or GDRs to provide exposure to underlying securities within the underlying index, for example where the underlying securities cannot be, or are unsuitable to be, held directly, where direct access to the underlying securities is restricted or limited or where depository receipts provide a more cost or tax efficient exposure. However, in such cases the Investment Manager is unable to guarantee that a similar outcome will be achieved to that if it were possible to hold the securities directly, due to the fact depository receipts such as ADRs or GDRs do not always perform in line with the underlying security.

13. Passive investment risk

The sub-fund is passively managed. Due to inherent nature of index funds, the Investment Manager of the sub-fund will not have the discretion to adapt to market changes and may not be able to take defensive positions where the relevant stock markets decline. Hence, any fall in the underlying index will result in a corresponding fall in the value of the sub-fund.

14. Portfolio management risk

Since the sub-fund will not fully replicate the underlying index, there is a risk that as the implementation of the Investment Manager's investment strategy is subject to a number of constraints, the investment strategy may not produce the intended results.

15. Tracking error risk

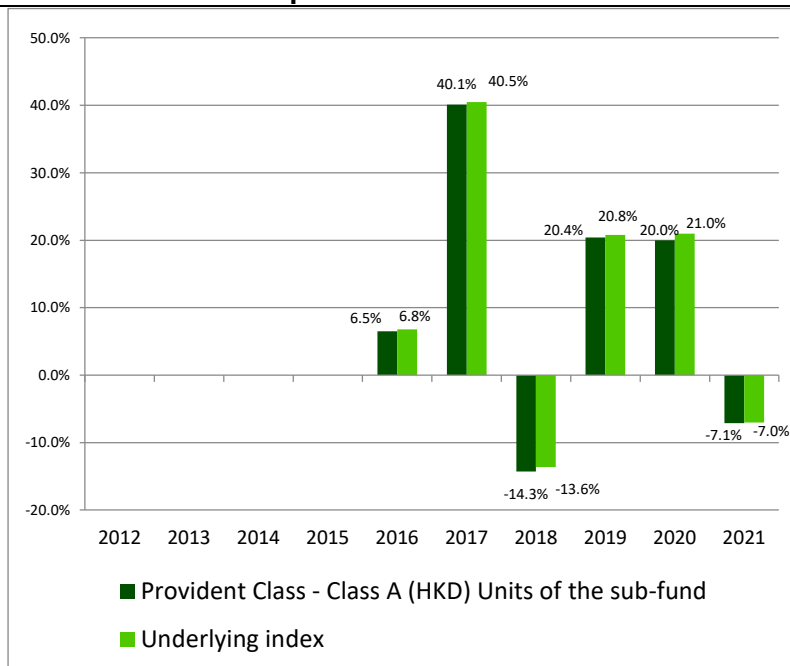
The sub-fund may be subject to tracking error risk, which is the risk that its performance may not track that of the underlying index exactly. The sub-fund's returns may therefore deviate from the underlying index and such tracking error may be a result of a number of factors, for example, the fees and expenses of the sub-fund and the need for the Investment Manager to adopt a representative sampling strategy. There can be no assurance of exact or identical replication at any time of the performance of the underlying index. The Investment Manager will monitor and seek to manage such risk to minimise tracking error.

16. Termination risk

The sub-fund may be terminated early under certain circumstances, for example, (i) where the index provider terminating the underlying index or not allowing the sub-fund to use the underlying index and there being no successor index; or (ii) at any time one year after the establishment of sub-fund its net asset value falling below HK\$10,000,000. Investors may not be able to recover their investments and suffer a loss when the sub-fund is terminated.

17. Specific Risks associated with investments in Taiwan market

- *Taiwan market risk*
 - Investing in the securities in Taiwan is subject to the risks of investing in emerging markets generally which involves special risks and considerations and the risks specific to Taiwan market in particular. The sub-fund may be subject to risks in relation to economic, political, social and regulatory development in Taiwan.
- *Foreign exchange risk*
 - The base currency of the sub-fund is Hong Kong dollars. The sub-fund may invest in securities denominated in new Taiwan Dollars (TWD). The sub-fund will therefore have exposure to fluctuations in currency exchange rates and this may have an adverse impact on the performance of the sub-fund.
 - Repatriation of capital invested may be hampered by changes in Taiwan regulations applicable to foreign investors.

How has the sub-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 distributions reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding initial charge and redemption charge you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The Sub-Fund was launched in 2015.
- Only Provident Class – Class A (HKD) Units are currently available.

Is there any guarantee?

The sub-fund does not provide any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Summary of fees and charges for the units of the sub-fund is listed below.

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
Initial charge/Subscription fee	
(i) Initial charge (payable to Investment Manager)	Provident Class – Class A (HKD) Units: Nil
(ii) Subscription fee (payable to Trustee)	Provident Class – Class A (HKD) Units: Nil
Switching fee (payable to Investment Manager)	Switching involving Provident Class – Class A (HKD) Units and involving another sub-fund: Nil
Redemption charge/fee	
(i) Redemption charge (payable to Investment Manager)	Provident Class – Class A (HKD) Units: Nil
(ii) Redemption fee (payable to Trustee)	Provident Class – Class A (HKD) Units: Nil

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.

	<i>Annual rate (as a % of the sub-fund's net asset value)</i>
Investment management fees (payable to Investment Manager)	Provident Class – Class A (HKD) Units: Nil
Trustee fee (payable to Trustee)	Provident Class – Class A (HKD) Units: 0.0875% (current and maximum)
Performance fee	All Classes: N/A
Administration fee	All Classes: N/A

You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least three (3) months' prior notice.

Other fees

Please note that other fees and charges may also be deducted from the sub-fund. For details, please refer to section "Fees and Charges" on pages 74 to 81 of the Principal Brochure.

Additional Information

- You generally buy and/or redeem Units of the sub-fund at the sub-fund's next determined net asset value after the Investment Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Investment Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Investment Manager in the Investment Manager's website (www.boci-pru.com.hk) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Investment Manager to find out the dealing procedures that are applicable to them.
- The net asset value per unit of the sub-fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the sub-fund can be found at the Investment Manager's website (www.boci-pru.com.hk). Information contained in the website of the Investment Manager 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.