

PRODUCT KEY FACTS
Harvest Funds Series (Hong Kong) -
Asia Frontier Equity Fund
October 2022



- *This statement provides you with key information about Asia Frontier Equity Fund.*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Harvest Funds Series (Hong Kong).*
- *You should not invest in this product based on this statement alone.*

Quick facts

Manager:	Harvest Global Investments Limited
Trustee:	BNP Paribas, acting through its Hong Kong Branch
Custodian:	BNP Paribas, acting through its Singapore branch
Ongoing charges over a year	Class A (USD) Units: 1.92% [#] Class A (EUR) Units: 1.92% [#] Class A (CHF) Units: 1.92% [#]
Dealing frequency:	each Business Day
Base currency:	USD
Dividend policy:	No dividend distribution, income and gains (if any) will be reinvested
Financial year end of this fund:	31 December
Minimum investment:	Class A (USD) Units USD1,000 (initial), USD100 (subsequent)
Minimum holding:	USD1,000
Minimum realisation:	USD1,000
Minimum investment:	Class A (EUR) Units EUR1,000 (initial), EUR100 (subsequent)
Minimum holding:	EUR1,000
Minimum realisation:	EUR1,000
Minimum investment:	Class A (CHF) Units CHF1,000 (initial), CHF100 (subsequent)
Minimum holding:	CHF1,000
Minimum realisation:	CHF1,000

[#] The ongoing charges figure represents the ongoing expenses of Class A (USD) Units calculated based on the Sub-Fund's ongoing charges during the 12-month period ended 28 February 2022 expressed as a percentage of average net asset value of Class A (USD) Units of the Sub-Fund for the same period. This figure is based on ongoing charges during the 12-month period ended 28 February 2022, as there has been a variation by 5% or more from the ongoing charges figure calculated based on the ongoing charges in the financial year ended 31 December 2021. This figure may vary from year to year.

[‡] The ongoing charges figures for Class A (EUR) Units and Class A (CHF) Units are estimates only and represent the sums of the estimated ongoing expenses chargeable to the relevant unit class over a 12-month

period expressed as a percentage of the estimated average net asset value of the relevant unit class. The actual figures may be different upon actual operation of the relevant unit class and the figures may vary from year to year.

What is this product?

Asia Frontier Equity Fund (the “**Sub-Fund**”) is a sub-fund of Harvest Funds Series (Hong Kong) which is an umbrella unit trust originally domiciled in the Cayman Islands and established by a trust deed dated 29 August 2011. With effect on and from 29 June 2016, the domicile of Harvest Funds Series (Hong Kong) was removed from the jurisdiction of the Cayman Islands to the jurisdiction of Hong Kong. It is currently governed by the laws of Hong Kong. The Sub-Fund falls under Chapter 7 of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong.

Objectives and Investment Strategy

Objectives

The Sub-Fund seeks to provide long-term capital appreciation by investing primarily in equity and equity related securities of corporations whose predominant business will benefit from or is related to the growth in Asia Frontier Markets (i.e. developing emerging markets or economies in Asia which are considered to be smaller, less developed and less accessible than more developed emerging markets in Asia including but not limited to Bangladesh, Kazakhstan, Mongolia, Sri Lanka, Vietnam and western Chinese provinces. Western Chinese provinces shall include, but not be limited to, Inner Mongolia, Tibet, Xinjiang and Yunnan).

Strategy

The Sub-Fund seeks to invest at least 70% of its net assets in equity or equity related securities of (i) companies listed on the stock exchanges of Asia Frontier Markets or (ii) companies with operations or investments in Asia Frontier Markets or companies which benefit from the growth of Asian Frontier Markets listed in developed or emerging markets (including but not limited to companies listed on the stock exchanges of mainland China, Hong Kong, India, Singapore, Malaysia, Korea, Russia, Taiwan, the United Kingdom and the United States of America). Where direct investment in the above markets is not permissible, the Manager may invest in such equity or equity related securities through participation notes or other equity related securities. Equity and equity-related securities include but are not limited to common stock, preference shares, American Depository Receipts and Global Depository Receipts.

The remaining 30% of the Sub-Fund’s net assets in aggregate may be invested in equity and equity related securities issued by companies or other entities not meeting the requirements set out in the preceding paragraph and other investments, including but not limited to money market instruments, exchange-traded funds or debt securities (including convertible bonds) of issuers worldwide (which may include offshore RMB denominated corporate or government bonds. However, the Manager will not invest more than 10% of the Sub-Fund’s net assets in offshore RMB denominated corporate and/or government bonds). In addition, the Manager will not invest more than 10% of the Sub-Fund’s net assets in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade. The Sub-Fund may also hold cash and cash based instruments as considered appropriate by the Manager.

It is expected that Sub-Fund will primarily be invested in equity and equity-related securities of companies which has a market capitalisation of USD 50 million or above.

The Sub-Fund shall not have an exposure (whether direct or indirect) of more than 20% of its net assets to “China A-Shares” and/or “China B-Shares”. Exposure to China A-Shares may be gained directly via the Stock Connect and/or indirectly via investing in A-Share Access Products.

The Sub-Fund may invest up to 10% of its net assets in participation notes and A-Share Access Products. The Sub-Fund may also invest in financial derivative instruments for investment and hedging purposes to the extent permissible under the provisions set out under the section “Investment and Borrowing Restrictions” in the Explanatory Memorandum.

The Manager does not currently intend to engage in securities lending transactions, sale and repurchase transactions, reverse repurchase transactions or similar transactions in respect of the Sub-Fund. Should the Manager in the future decide to engage in securities lending transactions, sale and repurchase transactions, reverse repurchase transactions or similar transactions in respect of the Sub-Fund, prior approval from the SFC will be sought and not less than three (3) months’ prior notice will be given to Unitholders. It is also not the intention of the Manager to borrow for investment purposes.

It is not expected that the Sub-Fund will provide or receive collateral in its course of investments.

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 offering document for details including the risk factors.

Risks relating to Equity Securities

- 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.

Investment Risks of Frontier Markets

- Investments in frontier markets involve risks similar to investments in emerging markets but to a greater extent because frontier markets are even smaller, less developed and less accessible than emerging markets.

Emerging and Less Developed Markets Securities Risk

- Prices of securities traded in the securities markets of emerging or developing countries tend to be more volatile and such securities may have less liquidity. Risks of emerging market securities may also include: greater social, economic and political uncertainty; more substantial governmental involvement in the economy; uncertainty in laws and regulations and less developed legal and taxation systems. Unforeseen changes and development of new laws and regulations in emerging markets may also have a negative impact on the net asset value of the Sub-Fund.
- 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 currency risks/control, settlement risks and custody risk.

Liquidity of Investment Portfolio

- The market for some securities in which the Sub-Fund may invest may be relatively illiquid and the liquidity of certain of the markets generally has fluctuated substantially over time. The market for relatively illiquid securities tends to be more volatile and investments in relatively illiquid securities

may restrict the ability of the Sub-Fund to dispose of its investments at a price and time that it wishes to do so.

- Securities purchased by the Sub-Fund that are liquid at the time of purchase may subsequently become illiquid due to various market, economic or political events. The Sub-Fund may be adversely affected by a decrease in market liquidity for the securities in which it invests which may impair the Sub-Fund's ability to execute transactions.

Concentration Risk

- The Sub-Fund's investments are concentrated in Asia Frontier Markets. 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 Asia Frontier Markets.

Small and Medium-Sized Companies Risk

- The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Currency Conversion Risk and Repatriation Limitation Risk

- The investments of the Sub-Fund may be denominated in currencies other than the relevant Class Currency and the Sub-Fund may be subject to currency exchange risk involved as a result of fluctuations in exchange rates between the relevant Class Currency and such other currency.
- Some countries in Asia Frontier Markets may impose restrictions on foreign exchange, especially in relation to the repatriation of foreign funds. Such markets may prohibit the repatriation of foreign funds for a fixed time horizon and limit the percentage of invested funds to be repatriated at each time

Custody and Settlement Risk

- The Trustee is responsible for the safe-keeping of assets of the Sub-Fund. However, custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets.
- Custodial and/or settlement systems may not be fully developed in the emerging markets (including Asia Frontier Markets) which the Sub-Fund may invest in and the assets of the Sub-Fund may be exposed to custodial risk. Securities held in custody by the custodian and sub-custodian(s) are ring-fenced in an environment ensuring full segregation from proprietary assets as well as other client assets of the custodian and the sub-custodian(s). Clear identification and ring fencing of such securities mean that, in the event of the insolvency of the custodian, sub-custodian(s) or that of any of the local custodians, securities will form part of the assets of the Sub-Fund. However, in case of the liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In circumstances such as applying legislation retroactively and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by the Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.
- The clearing, settlement and registration systems available to effect trades on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

Risks relating to Access Products

- Investments in access products will subject the Sub-Fund to the risks associated with financial derivative instruments (“FDI”) which include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.
- Costs of investment - Investment through access products will be subject to a higher investment cost where the market supply is low relative to market demand. Further, there is no guarantee that assets of the Sub-Fund can be immediately invested through access products. This may impact on the performance of the Sub-Fund.
- Limitations posed by QFII restrictions - As QFIIs are subject to applicable regulation in mainland China, their ability to issue access products may be limited. This could restrict the ability of the Sub-Fund to invest in such products.

PRC tax considerations

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Shanghai-Hong Kong Stock Connect or access products on the Sub-Fund’s investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund’s value.
- Based on professional and independent tax advice, (a) the Manager will retain the provision (if any) for withholding income tax (WIT) on capital gains of the Sub-Fund’s gross realised capital gains derived from the disposal of PRC securities (including A-Share Access Products) prior to 17 November 2014; (b) the Manager will not make WIT provision for gross realised and unrealised capital gains derived from trading of China A-Shares via Stock Connect or A-Share Access Products; (c) in the event that the Sub-Fund invests in PRC debt securities, the Manager will not make WIT provision on gross realised or unrealised capital gains derived from trading of PRC debt securities; and (d) the Manager intends to make 10% provision on dividend from PRC shares, interest from Renminbi denominated bonds issued by PRC tax resident enterprises (except PRC government bonds), dividend from PRC securities investment funds and interest from RMB bank deposits if the WIT is not withheld at source at the time when such income is received.
- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund’s assets, will adversely affect the Sub-Fund’s net asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

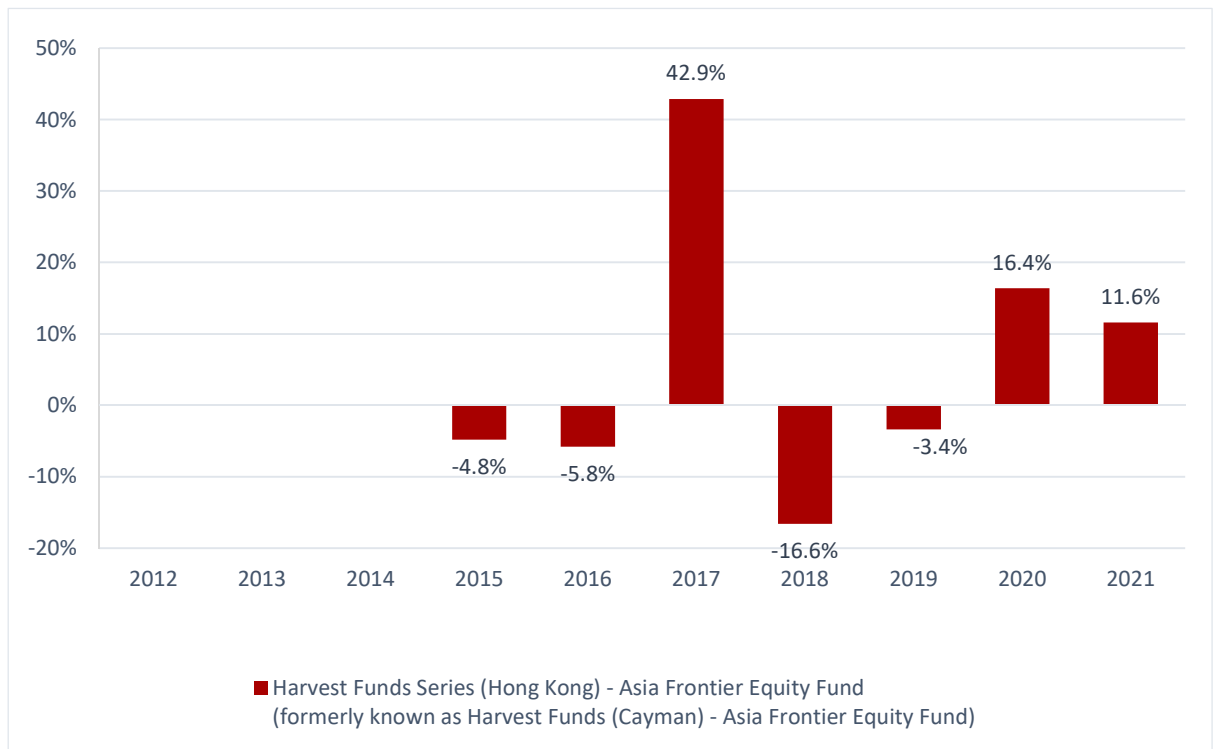
Risks associated with Stock Connect

- The relevant rules and regulations on Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund’s ability to access the PRC market through the programme will be adversely affected (and hence its ability to pursue its investment strategy) will be adversely affected.

Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

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 dividend reinvested.
- These figures show by how much the Class A (USD) Units 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.
- Class A (USD) Unit is selected as representative unit class as it is currently the retail unit class that has launched in Hong Kong.
- Sub-Fund launch date: 31 October 2011
- Class A (USD) Unit launch date: 15 May 2014

Is there any guarantee?

The 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.

<u>Fee</u>	<u>What you pay</u>
Subscription Fee (Preliminary Charge) (% of Subscription Price)	Class A: up to 5%
Redemption Fee (Realisation Charge) (% of Realisation Price)	Class A: up to 5%
Switching Fee (Conversion Charge) (% of the Subscription Price of the subsequent class)	Class A: 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</u>
Management Fee	Class A: up to 1.75% p.a.* of the net asset value of the relevant Class
Trustee Fee ⁺	0.045% p.a.
Administrator Fee ⁺	Up to 0.0375% p.a.
Custodian Fee ⁺	transaction charges and safekeeping fees at customary market rates
Registrar and Transfer Agent's Fee ⁺	USD2,000 p.a.
Performance Fee	N/A

⁺ The Trustee's, Administrator's, Custodian's and Registrar and Transfer Agent's Fees in aggregate are subject to a minimum of USD36,000 p.a..

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 "Charges and Expenses" in the Explanatory Memorandum.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value (NAV) after the Administrator or sub-distributors appointed by the global distributor (i.e. the Manager) receive your request in good order on or before 5:00 p.m. (Hong Kong time) on the relevant Dealing Day. Please note that the appointed sub-distributors or placing agents may impose an earlier cut-off time before the dealing deadline for receiving instructions for subscriptions, realisations or conversions. Investors should confirm the arrangements with the appointed sub-distributors or placing agents concerned.
- The net asset value per Unit of this Sub-Fund is calculated every Dealing Day and the price of units is published each Dealing Day on the Manager's website, www.harvestglobal.com.hk¹.
- Investors may obtain the past performance information of other unit classes offered to Hong Kong retail investors from www.harvestglobal.com.hk¹.

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.

¹ The website has not been reviewed by the SFC.