

# PRODUCT KEY FACTS

## BOSERA INVESTMENT FUNDS Bosera RMB Bond Fund

April 2022

Issuer: Bosera Asset Management (International) Company Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Manager:</b>	Bosera Asset Management (International) Company Limited
<b>Trustee:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>PRC Custodian:</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class A Units: 2.98%
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	RMB
<b>Dividend policy:</b>	Discretionary dividend distributable out of income and/or capital (including where the Sub-Fund pays dividends out of gross income and charges/pays all or part of the fees and expenses to/out of capital) in respect of Class A Units. Where distributed out of capital or effectively out of capital, this may result in an immediate reduction in NAV per Class A Unit.
<b>Financial year end of this fund:</b>	31 December
<b>Minimum initial investment:</b>	Class A Units: RMB10,000
<b>Minimum subsequent investment</b>	Class A Units: RMB10,000
<b>Minimum holding:</b>	Class A Units: RMB10,000
<b>Minimum redemption amount:</b>	Class A Units: RMB10,000

### What is this product?

- The Bosera RMB Bond Fund (the "Sub-Fund") is a sub-fund of Bosera Investment Funds which is a unit trust

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2021. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the relevant class expressed as a percentage of the average Net Asset Value of such class during the relevant period. The ongoing charges figure includes the amortised portion of the set-up costs of the Sub-Fund applicable to the relevant period.

established by a trust deed (the “Trust Deed”) dated 5 January 2012 as an umbrella fund under the laws of Hong Kong.

- The Sub-Fund invests all of its assets in RMB-denominated fixed income securities issued within the PRC (which, for the purposes of interpretation only, excludes Hong Kong, Macau and Taiwan). All investments of the Sub-Fund will be onshore investments in the PRC and will be denominated and settled in RMB. Subscription moneys and redemption proceeds must be paid in RMB.
- The Sub-Fund will invest directly in the PRC’s domestic securities markets through the Manager’s status as a renminbi qualified foreign institutional investor (“RQFII”) pursuant to the RQFII regulations.

## Objectives and Investment Strategy

### Objective

The investment objective of the Sub-Fund is to seek long-term interest income and capital appreciation through investing all of its assets in RMB-denominated fixed income securities issued within PRC.

### Strategy

The Sub-Fund seeks to achieve its investment objective by investing in RMB-denominated fixed income securities which include bonds (which can be fixed or floating rate and include convertible bonds), commercial papers, short term bills and short term notes issued by issuers such as government entities or agencies, supra-national organisations, banks and corporations primarily established or incorporated in the PRC (collectively referred to as “PRC Bonds”). PRC Bonds invested into by the Sub-Fund may be traded on the inter-bank bond market or the exchange-traded bond market in the PRC. Further information relating to the PRC’s domestic bond market is set out in the Explanatory Memorandum. The Sub-Fund may also invest in public bond funds authorised by the China Securities Regulatory Commission (the “CSRC”) for retail investment and RMB cash and cash equivalents.

All investments of the Sub-Fund will be onshore investments in the PRC and will be denominated and settled in RMB.

Currently the Sub-Fund has no intention to invest in sale and repurchase or reverse repurchase transactions on either the inter-bank or exchange-traded bond markets, engage in securities lending transactions or to invest in structured deposits, structured products or financial instruments (for hedging or non-hedging purposes). If this changes in the future, prior approval of the SFC (if required) will be sought and not less than one month’s notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

It is intended that the Sub-Fund’s portfolio will be allocated as follows (but it should be noted that this allocation may be adjusted depending on prevailing market circumstances and any applicable legal or regulatory changes):

Asset type	Indicative asset allocation (% NAV)
RMB bonds issued by government entities, government agencies or supra-national organisations	Up to 100%
RMB bonds issued by banks and corporations	Up to 100%
RMB-denominated convertible bonds, commercial papers, short term bills and short term notes	Up to 100%
RMB public bond funds authorised by the CSRC for retail investment	Up to 10%
RMB cash and cash equivalents	Up to 40%
<b>Total portfolio</b>	<b>100%</b>

The Manager’s process for selecting RMB Bonds relies on yield curve management of the duration and term of debt instruments, sector allocation and fundamental and credit analysis.

The Sub-Fund does not have explicit restrictions on the minimum credit ratings of the RMB Bonds it holds, except that it may invest not more than 20% of its net asset value (“NAV”) in RMB Bonds with a credit rating of BB+ or below (as rated by a local PRC credit rating agency at the time of investment by the Sub-Fund) or unrated instruments. If certain RMB Bonds in the Sub-Fund’s portfolio are subsequently downgraded such that this threshold is exceeded, the Manager will as soon as reasonably practicable make adjustments to the Sub-Fund’s portfolio so as to adhere to the 20% threshold. The credit rating refers to the credit rating of the relevant RMB Bond, but where the relevant RMB Bond does not have a credit rating, the Manager may refer to the credit rating of the issuer thereof. In

selecting the Sub-Fund's bond portfolio, the Manager may refer to credit ratings given by local PRC credit rating agencies for reference but will primarily rely on its own internal analysis to evaluate each bond independently.

The Sub-Fund will not invest in asset-backed securities (including asset-backed commercial papers). The Sub-Fund will not invest more than 20% of its NAV in urban investment bonds. Urban investment bonds are debt instrument issued by local government financial vehicles ("LGFVs") in the PRC exchange-traded bond markets and the inter-bank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates, to raise financing for public welfare investments or infrastructure projects.

## **Use of derivatives / Investment in derivatives**

The Sub-Fund will not use derivatives for any purposes.

## **What are the key risks?**

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

### **1. Investment and concentration risks**

- 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 of the repayment of principal.
- The Sub-Fund's exposure to a single country (i.e. the PRC) subjects it to greater concentration risk. The Sub-Fund is likely to be more volatile than a broadly-based fund such as global or regional investment fund as it is more susceptible to fluctuation in value resulting from adverse conditions in a single country.

### **2. Risks associated with fixed income instruments**

#### *Interest rate risk*

- Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the PRC (including monetary policy and fiscal policy) may adversely impact the value of the Sub-Fund's fixed income portfolio.

#### *Credit risk and downgrading risk*

- The Sub-Fund is exposed to the credit/ default risk of issuers of the debt securities that the Sub-Fund may invest in.
- The credit rating of a debt 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 debt instruments that are being downgraded.

#### *Risks of investing in PRC bond markets and of unrated or lower rated bonds*

- The financial market of the PRC is at an early stage of development, and some of the bonds held by the Sub-Fund may be rated BB+ or below by local credit rating agencies or may not be rated by any rating agency of an international standard. Such instruments are generally subject to a higher degree of credit risk and a lower degree of liquidity, which may result in greater fluctuations in value. The value of these instruments may also be more difficult to ascertain and thus the NAV of the Sub-Fund may be more volatile.

#### *Risks associated with local PRC credit ratings*

- The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

#### *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.

#### *Risks of investing in urban investment bonds*

- The Sub-Fund may invest up to 20% of its NAV in urban investment bonds. Although urban investment bonds, which are issued by LGFVs, may appear to be connected with local government bodies, they are typically not guaranteed by such local government bodies or the central government of the PRC. In the event that the LGFVs default on payment of principal or interest on any urban investment bonds within the Sub-Fund's portfolio, the Sub-Fund may suffer significant loss and the NAV of the Sub-Fund may be adversely affected.

### **3. Risk relating to the RQFII regime**

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if the approval of the RQFII is being revoked/ terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/ brokers) is a bankrupt/ in default and/ or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

#### **4. Risks relating to the PRC**

- Investing in emerging markets, such as the PRC, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, settlement, custody and regulatory risks.
- The concentration of the Sub-Fund's investments in PRC-related companies may result in greater volatility than portfolios which comprise broad-based global investments.
- There are risks and uncertainties associated with the current Chinese tax laws, regulations and practice in respect of capital gains realised by RQFIIs on its investments in the PRC (which may have retrospective effect). After careful consideration of the Manager's assessment and having taken and considered independent professional tax advice, the Manager considers, in accordance with such advice, that the Sub-Fund should be able to enjoy a PRC withholding income tax exemption on capital gains derived from disposal of debt instruments issued by the PRC government or PRC corporations and has determined to change the tax provisioning approach in respect of the Sub-Fund effective from 21 July 2014 so that it does not make any withholding income tax provision for the account of the Sub-Fund in respect of the gross realised and unrealised capital gains derived from the disposal of debt instruments issued by the PRC government or PRC corporations. 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 NAV. The actual tax liabilities may be lower than the tax provision made. Depending on 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).

#### **5. RMB currency risk**

- 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 investor's investment in the Sub-Fund.
- 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.
- 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.

#### **6. Dividends risk**

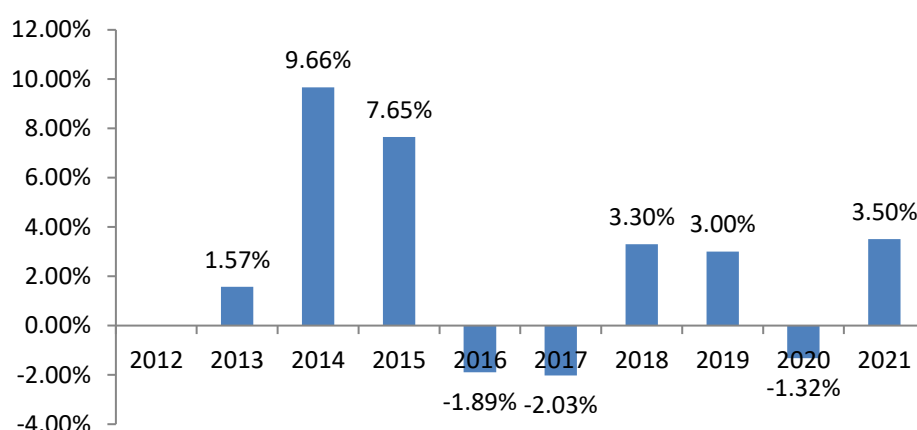
- There is no assurance that the Sub-Fund will declare to pay dividends or distributions. Investors may not receive any distributions.

#### **7. Distribution out of capital risk**

- Dividends on Class A Units may be distributable out of capital or effectively out of capital (i.e. where the Sub-Fund pays dividends out of gross income and charges/pays all or part of the fees and expenses to/out of capital resulting in an increase in distributable income). Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital or effectively out of capital may result in an immediate reduction of the NAV per Class A Unit. The Manager may amend its distribution policy subject to SFC's prior approval and by giving not less than 1 month's prior notice to Unitholders.

### **How has the fund performed?**

## Past Performance



- 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 (if any) reinvested.
- Class A Units have been selected as the representative unit class of the fund for the purpose of presenting past performance information on the basis that it is the authorised retail class with the longest track record in Hong Kong.
- These figures show by how much the Class A Units increased or decreased in value during the calendar year shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee you might have to pay.
- Where no past performance is shown there was insufficient data available that year to provide performance.
- Fund launch date: February 2012
- Class A Units launch date: February 2012

## 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 fee  
Switching fee (i.e. conversion fee)  
Redemption fee

#### What you pay

3%\* of the amount you buy  
3%\* of the redemption proceeds payable for the Units switched  
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.

Management fee  
Performance fee  
Trustee fee

#### Annual rate (as a % of the Sub-Fund's Net Asset Value)

Class A Units: 1%\*  
N/A  
Up to 0.12%\*, subject to a monthly minimum of RMB25,000  
(inclusive of fees payable to the PRC Custodian)

### 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 & other RQFII 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 subscription and redemption prices of units are available on the Manager's website [www.bosera.com.hk](http://www.bosera.com.hk) (this website has not been reviewed by the SFC).
- The composition of dividends payable on Class A Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website [www.bosera.com.hk](http://www.bosera.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.