

## PRODUCT KEY FACTS

*GaoTeng WeFund*

*GaoTeng Greater China Select Bond Fund*



GaoTeng Global Asset Management Limited

April 2022

- *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

Manager: GaoTeng Global Asset Management Limited

Trustee: ICBC (Asia) Trustee Company Limited

Ongoing charges over a year:	Class A (USD)-DIS	1.79% <sup>#</sup>
	Class A (USD)-ACC	1.79%*
	Class A (HKD hedged)-DIS	1.79% <sup>#</sup>
	Class A (HKD hedged)-ACC	1.78%*
	Class A (CNH hedged)-DIS	1.79% <sup>#</sup>
	Class A (CNH hedged)-ACC	1.79% <sup>#</sup>
	Class A (SGD hedged)-DIS	1.79% <sup>#</sup>
	Class A (SGD hedged)-ACC	1.79% <sup>#</sup>
	Class A (EUR hedged)-DIS	1.79% <sup>#</sup>
	Class A (EUR hedged)-ACC	1.79% <sup>#</sup>

\* The ongoing charges figure is expressed as a percentage of the sum of expenses over the average Net Asset Value of the class of Units for the year ended 31 December 2021. This figure may vary from year to year.

<sup>#</sup> The first issue of the class of Units had not yet occurred as at 31 December 2021. This ongoing charges figure is an estimate only and is based on the ongoing charges figure of Class A (USD)-ACC with a similar fee structure for the relevant financial period. The actual ongoing charges figure may be different from the estimate and may vary from year to year.

Dealing frequency: Daily

Base Currency: USD

Dividend Policy: Accumulation (ACC) Classes (No distribution will be made)  
Distribution Classes (DIS) (Dividends\*, if any, will be paid)

\* It is currently intended that distributions will be made once per month for the Distribution Classes of Units, subject to the Manager's discretion. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Distribution Class.

Financial year end: 31<sup>st</sup> December

Minimum Investment:

Class	Minimum Initial Subscription Amount	Minimum Subsequent Subscription Amount
Class A (USD)-DIS	USD 10	USD 10
Class A (USD)-ACC	USD 10	USD 10
Class A (HKD hedged)- DIS	HKD 100	HKD 100
Class A (HKD hedged)- ACC	HKD 100	HKD 100
Class A (CNH hedged)- DIS	CNH 100	CNH 100
Class A (CNH hedged)- ACC	CNH 100	CNH 100
Class A (SGD hedged)- DIS	SGD 10	SGD 10
Class A (SGD hedged)- ACC	SGD 10	SGD 10
Class A (EUR hedged)- DIS	EUR 10	EUR 10
Class A (EUR hedged)- ACC	EUR 10	EUR 10

#### What is this product?

GaoTeng Greater China Select Bond Fund (the “**Sub-Fund**”) is a sub-fund of GaoTeng WeFund, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

#### Objective and Investment Strategy

##### *Investment Objective*

The Sub-Fund aims to provide regular income (however, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed) and capital appreciation over the medium to long term by investing primarily in a portfolio of fixed income securities issued by corporations and government entities in the Greater China (comprising the Mainland China, Hong Kong, Macau and Taiwan).

##### *Investment Strategy*

The Sub-Fund aims to achieve its investment objective by investing not less than 70% of its Net Asset Value in a portfolio of debt securities issued by or fully guaranteed by (i) listed or unlisted corporations which have their main operations (or a substantial portion of assets) in, or have a substantial portion of their income derived

from Greater China , or (ii) governments and/or government related entities in Greater China; and where the Manager believes such debt securities are being traded at significant discount to their underlying intrinsic values. In determining the valuation of such debt securities, the Manager adopts bottom-up fundamental research and top-down macro analysis. In addition, the Manager analyses the creditworthiness of the issuers and/or the guarantors (if applicable) with a primary focus on the issuers' and/or the guarantors' (if applicable) corporate profile, leverage, liquidity, management team and business profile as well as the issuance structure, plus applying industry research, sector studies and peers comparison.

The Sub-Fund also aims to invest not less than one-third of its Net Asset Value in debt securities issued by governments, government agencies, supra-nationals, banks or companies which are domiciled in or derive revenue from or have business or economic activities in the Greater Bay Area. "Greater Bay Area" in the context of this Sub-Fund is defined as the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau and the relevant municipalities in Guangdong province in the Mainland China.

The Sub-Fund may invest in debt securities (or the issuers of such debt securities) which are rated across all ratings and thus, the Sub-Fund may invest all of its assets in debt securities (or the issuers of such debt securities) rated below investment grade (i.e. rated below Moody's "Baa3" or below Standard & Poor's "BBB-" or an equivalent rating by other internationally recognised rating agencies or below AAA (rated by a Mainland Chinese domestic credit rating agency)) or unrated (i.e. where the debt security itself, its issuer and its guarantor (if applicable) are not rated). If neither the debt security itself nor its issuer is rated, the Manager will consider the credit rating of its guarantor (if any), which will be deemed as the credit rating of the debt security.

The debt securities in which the Sub-Fund may invest shall include, but are not limited to, convertible debt securities, fixed and floating rate bonds and high-yield bonds. The Sub-Fund may invest less than 30% of its Net Asset Value in convertible debt securities. While the credit ratings provided by the relevant rating agencies serve as a point of reference, the Manager will conduct its own assessment on the credit quality based on various factors including the issuer's and/or the guarantor's (if applicable) financial leverage, interest coverage and operating cash flows, liquidity position, industry outlook and competitive position, as well as corporate governance.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by and/or guaranteed by any single sovereign/government that is rated below investment grade and/or unrated (including its government, public or local authority).

The Sub-Fund may also invest in Renminbi ("RMB") denominated debt securities issued outside Mainland China or within Mainland China (via Bond Connect). The Sub-Fund will invest in aggregate not more than 20% of its Net Asset Value in the onshore Mainland China market, through investing in onshore Mainland China bonds; the total exposure to offshore RMB bonds ("Dim Sum" bonds) will be less than 30% of the Sub-Fund's Net Asset Value; and the total exposure to RMB assets may be less than 50% of the Sub-Fund's Net Asset Value.

The Sub-Fund may invest not more than 30% of its Net Asset Value in urban investment bonds. "Urban investment bonds (城投債)" are bonds issued by local government financing vehicles ("LGFV") in the onshore Mainland China and offshore China bond markets. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment and infrastructure projects.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features, namely contingent convertible bonds ("CoCos") (issued and/or guaranteed by issuers such as corporations,

financial institutions and banks), non-preferred senior debt instruments, Additional Tier 1 and Tier 2 capital instruments under the Banking (Capital) Rules or an equivalent regime of non-Hong Kong jurisdictions, Restricted Tier 1 capital instruments under the Solvency II Directive (2009/138/EC), and external loss-absorbing capacity debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Exposure to investments may be obtained indirectly through investing in other collective investment schemes (i.e. managed funds) for up to 10% of the Sub-Fund's Net Asset Value.

The Sub-Fund may use derivatives for hedging purposes only.

In normal market conditions, the Sub-Fund may also hold less than 30% of its Net Asset Value in cash or cash equivalents for liquidity and cash flow management purposes. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to up to 100% for cash flow management.

The Manager may enter into repurchase transactions in respect of the Sub-Fund. The maximum proportion and expected proportion of the Net Asset Value of the Sub-Fund that can be subject to repurchase transactions, when aggregated with the Sub-Fund's borrowing, are 20% and 10 % respectively.

The Sub-Fund will not engage in securities lending or reverse repurchase transactions.

#### **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.**

##### ***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 of the repayment of principal.

##### ***Risk associated with debt securities rated below investment grade or unrated***

The Sub-Fund may invest up to 100% of its Net Asset Value in debt securities rated below Moody's "Baa3" or below Standard & Poor's "BBB-" or an equivalent rating by other internationally recognised rating agencies or below AAA (rated by a Mainland Chinese domestic credit rating agency) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the Sub-Fund's prices may be more volatile. When economic conditions appear to be deteriorating, below investment grade or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

##### ***Concentration risk***

The Sub-Fund's investments are concentrated in the Greater China region. The value of the Sub-Fund may be more volatile than that of a Sub-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 Greater China region market.

### ***Risks associated with debt securities***

#### **Credit / Counterparty risk**

The Sub-Fund is exposed to the credit/default risk of issuers and/or guarantors (if applicable) of the debt securities 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.

#### **Volatility and liquidity risk**

The debt securities in Greater China region markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

#### **Downgrading risk**

The credit rating of a debt instrument, its issuer or its guarantor (if applicable) 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.

#### **Sovereign/government 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/government issuers may not be able or willing to repay the principal and 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/government debt issuers.

#### **Valuation risk**

Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

#### **Credit rating risk**

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer or guarantor (if applicable) at all times.

#### **Credit rating agency risk**

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 be different from those given by other international rating agencies.

### ***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 unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls.

### ***Emerging market risk***

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 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.

### ***Risks associated with investments / exposure to RMB currency and Mainland China***

#### **RMB currency and conversion risks**

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.

*Urban investment bonds risk*

In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

***Risks associated with investments in debt instruments with loss-absorption features (LAP)***

LAP are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. LAP may also be exposed to liquidity, valuation and sector concentration risk.

***Risks relating to hedging and currency hedged classes***

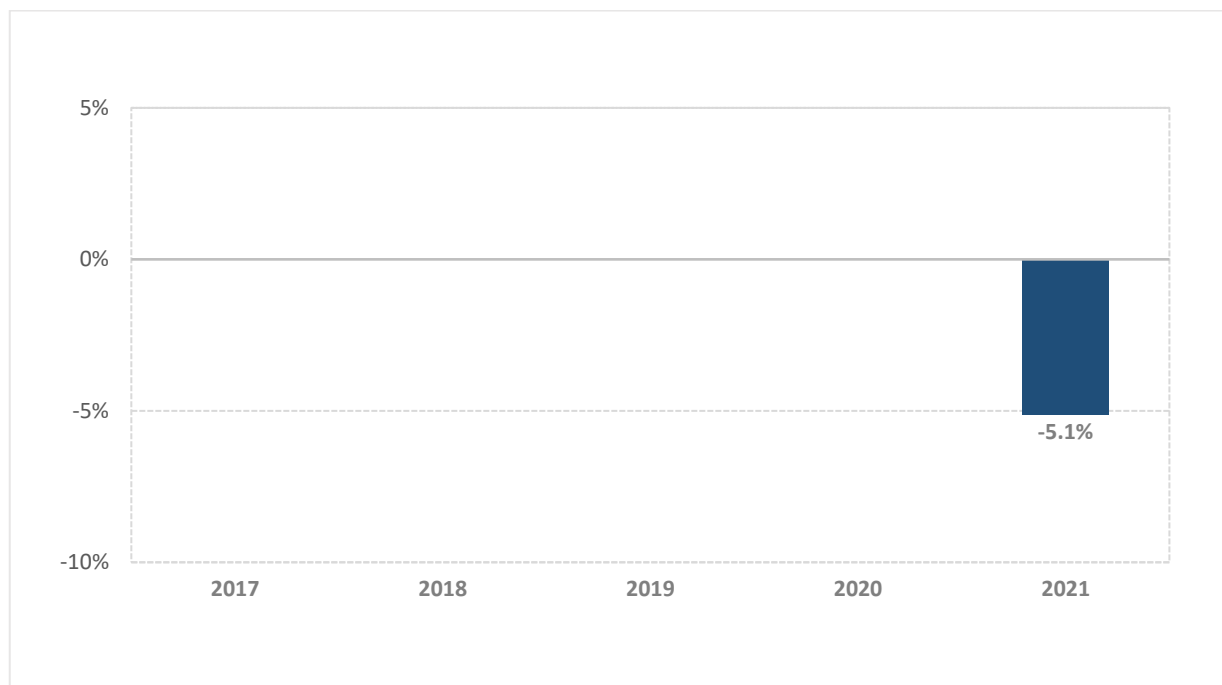
There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. There can be no assurance that any currency hedging strategy will fully and effectively eliminate the fluctuation between the Base Currency and the relevant class currency. Investment in the currency hedged classes may preclude Unitholders from benefiting from an increase in the value of the Sub-Fund's Base Currency.

***Risks associated with distribution out of the Sub-Fund's capital***

Payment of dividends 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 investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

The distribution amount and Net Asset Value of the currency hedged class(es) may be adversely affected by differences in the interest rates of the reference currency of the currency hedged class(es) 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 unit class(es).

## How has the Sub-Fund performed?



### Note:

- 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.
- These figures show by how much the Class A (USD)-ACC increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including taking into account charges and excluding subscription 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.
- Fund launch date: 2020
- Class A (USD)-ACC launch date: 30 Dec 2020

## 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.

#### Fee

#### What you pay

Subscription charge* (preliminary charge) (% of subscription amount)	Class A Units: Up to 3%
Switching fee* (% of the total amount being converted)	Class A Units: Up to 1%
Redemption charge* (% of redemption amount)	Class A Units: Up to 1%

*\* Investors may be subject to pricing adjustments when they subscribe, redeem or convert (if applicable) Units of the Sub-Fund for an amount normally not exceeding 1% of the relevant Net Asset Value. For details, please refer to “**Valuation and Suspension – Adjustment of Prices**” in the main part of the Explanatory Memorandum. For the avoidance of doubt, pricing adjustments are not included in the subscription charge or the redemption charge.*

### **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.

#### **Annual rate (current rates)**

Management fee*	(% of Net Asset Value of the relevant class) Class A Units: 1.25% p.a.
Trustee fee*#	(% of Net Asset Value of the Sub-Fund) Class A Units: 0.09% p.a.
Custodian fee#	(% of the month-end market value (if unavailable, the nominal value) of the Sub-Fund’s investments in custody) Class A Units: 0.025% p.a.
Performance fee	Nil
Administration fee	Included in the Trustee Fee

*\* The fees and charges may also be increased up to the maximum level as specified in the offering document by giving at least one month’s prior notice to investors. Please refer to the offering document for further details.*

*# Trustee Fee and Custodian Fee together subject to a minimum monthly fee of USD2,500.*

### **Other fees**

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



**Additional Information**

- You generally buy and redeem Units at the Sub-Fund's next-determined subscription price and redemption price with reference to the Net Asset Value after the Transfer Agent receives your request in good order on or before 4:00 p.m. (HK Time), being the dealing cut-off time. Authorised Distributors may impose different dealing deadlines for receiving requests from investors.
- The Net Asset Value of the Sub-Fund is calculated and the price of Units is published on each Business Day on the Manager's website at [www.gaotengasset.com](http://www.gaotengasset.com)\*.
- The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and also on the Manager's website\*.
- Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from the Manager's website\* (if applicable).

*\* Investors should note that the aforesaid Manager's 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.