

# PRODUCT KEY FACTS

## E Fund Unit Trust Fund E Fund (HK) Hong Kong Dollar Money Market Fund

21 November 2022

Issuer: E Fund Management (Hong Kong) Co., Limited  
易方達資產管理(香港)有限公司

- ***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

<b>Manager:</b>	E Fund Management (Hong Kong) Co., Limited	
<b>Trustee:</b>	CCB (Asia) Trustee Company Limited	
<b>Ongoing charges#:</b>	<b>Class A Units:</b> 0.18% <b>Class B:</b> 0.23% <b>Class C:</b> 0.38% <b>Class I Units:</b> 0.13%	
<b>Dealing frequency:</b>	Daily (Hong Kong business days)	
<b>Base currency:</b>	Hong Kong Dollars (HKD)	
<b>Dividend policy:</b>	<b>Distribution Class(es):</b> The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be made once per year for distribution classes of Units. The Sub-Fund will not pay dividends out of capital / effectively out of capital. <b>Accumulation Class(es):</b> No distributions to Unitholders.	
<b>Financial year end of this fund:</b>	31 December	
<b>Minimum initial investment and Minimum holding:</b>	<b>Class A Units (USD) (distribution) / (accumulation), Class B Units (USD) (distribution) / (accumulation):</b>	USD 100
	<b>Class C Units (USD) (distribution) / (accumulation):</b>	USD 1
	<b>Class I Units (USD) (distribution) / (accumulation):</b>	USD1,000
	<b>Class A (RMB) (distribution) / (accumulation), Class A Units (hedged RMB) (distribution) / (accumulation), Class B Units (RMB) (distribution) / (accumulation), Class B Units (hedged RMB) (distribution) / (accumulation):</b>	RMB1,000
	<b>Class I Units (RMB) (distribution) / (accumulation), Class I Units (hedged RMB) (distribution) / (accumulation):</b>	RMB100,000
	<b>Class A Units (HKD) (distribution) / (accumulation), Class B Units (HKD) (distribution) / (accumulation):</b>	HKD1,000
	<b>Class C Units (HKD) (distribution) / (accumulation):</b>	HKD 1

	<b>Class I Units (HKD) (distribution) / (accumulation)</b>	HKD100,000
<b>Minimum subsequent investment and Minimum redemption amount:</b>	<b>Class A Units (USD) (distribution) / (accumulation), Class B Units (USD) (distribution) / (accumulation):</b>	USD 100
	<b>Class C Units (USD) (distribution) / (accumulation):</b>	USD 1
	<b>Class I Units (USD) (distribution) / (accumulation):</b>	USD1,000
	<b>Class A (RMB) (distribution) / (accumulation), Class A Units (hedged RMB) (distribution) / (accumulation), Class B Units (RMB) (distribution) / (accumulation), Class B Units (hedged RMB) (distribution) / (accumulation):</b>	RMB1,000
	<b>Class I Units (RMB) (distribution) / (accumulation), Class I Units (hedged RMB) (distribution) / (accumulation):</b>	RMB10,000
	<b>Class A Units (HKD) (distribution) / (accumulation), Class B Units (HKD) (distribution) / (accumulation):</b>	HKD1,000
	<b>Class C Units (HKD) (distribution) / (accumulation):</b>	HKD 1
	<b>Class I Units (HKD) (distribution) / (accumulation)</b>	HKD10,000

# The ongoing charges figure is based on the expenses for the year ended 31 December 2021. It represents the sum of the ongoing expenses chargeable to the Sub-Fund for the above period expressed as a percentage of the average Net Asset Value over the same period. The expenses covers the Sub-Fund’s ongoing charges (including but not limited to the management fee, trustee fee, operating costs) and the establishment cost of the Sub-Fund that would be amortised over the first 5 accounting periods of the Sub-Fund. This figure may vary from year to year.

### What is this product?

The E Fund (HK) Hong Kong Dollar Money Market Fund (the “Sub-Fund”) is a sub-fund of E Fund Unit Trust Fund which is a unit trust established by a trust deed dated 20 September 2017 as an umbrella fund under 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. The Sub-Fund does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.**

### Objectives and investment strategy

#### Objective

The Sub-Fund’s sole objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a return in Hong Kong Dollars in line with prevailing money market rates in Hong Kong, with primary considerations of both capital security and liquidity. There can be no assurance that the Sub-Fund will achieve its investment objective.

#### Strategy

##### Investment Strategy

Indicative asset allocation

The indicative asset allocation of the Sub-Fund is as follows:

70% - 100% of the net asset value of the Sub-Fund (“NAV”)	Hong Kong Dollars-denominated and settled short-term deposits and high quality money market instruments
0 – 30% of the NAV	Non-Hong Kong Dollars-denominated and settled short-term deposits and high quality money market instruments

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its NAV) in Hong Kong Dollars-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions. The Sub-Fund may invest up to 30% of its NAV in non-Hong Kong Dollars-denominated deposits and high quality money market instruments. High quality money market instruments include debt securities, commercial papers, certificates of deposits and commercial bills.

Debt securities invested by the Sub-Fund include but are not limited to government bonds, fixed and floating rate bonds. The Sub-Fund will only invest in debt securities rated investment grade or above by an independent rating agency, e.g. Fitch, Moody's, Standard and Poor's, or onshore China bonds with a minimum credit rating of BBB- as rated by one of the credit rating agencies in China. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies. The short-term deposits (e.g. certificates of deposits) invested by the Sub-Fund will be issued by investment grade-rated banks or substantial financial institutions. A "substantial financial institution" means an authorized institution as defined in the Banking Ordinance or financial institution with a minimum paid-up capital of HK\$150,000,000 or its equivalent in foreign currency.

There is no specific geographical allocation of the country of issue of the high quality money market instruments or deposits, except that the Sub-Fund may not invest more than 20% of its NAV in emerging markets (including in onshore China markets). Countries or regions in which the Sub-Fund may invest in include Hong Kong, Singapore, the European Union, the United States and China (onshore and offshore markets). The Sub-Fund may invest in onshore China debt securities via the mutual bond market access between Hong Kong and Mainland China ("Bond Connect").

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total NAV of the Sub-Fund 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 or its equivalent in HKD, where the Sub-Fund cannot otherwise diversify as a result of its size. Not more than 10% of the Sub-Fund's NAV will be invested in securities issued or guaranteed by a single sovereign issuer (including its government, a public or local authority) with a credit rating below investment grade or is unrated.

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.

The Sub-Fund may borrow up to 10% of its total 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 but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund will not write any options. Other than sale and repurchase transactions, the Sub-Fund will enter into other financial derivative instruments ("FDIs") for hedging purposes only.

For the purpose of the Sub-Fund, sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A sale and repurchase transaction is economically similar to secured borrowing, with the counterparty of the Sub-Fund receiving securities as collateral for the cash that it lends to the Sub-Fund.

For sale and repurchase transactions, the Manager will seek to appoint independent counterparties approved by the Manager with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty. Cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested.

The Sub-Fund currently has no intention to invest in structured deposits, structured products or over-the-counter securities, or to take any short positions, and the Manager will not enter into any securities lending, reverse repurchase or other similar over-the-counter transactions in respect of the Sub-Fund. The Sub-Fund will not invest in collateralised and/or securitised securities (including asset backed commercial papers and mortgage backed securities). If any of this changes in the future, prior approval of the SFC will be sought (if required) and not less than one month's notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

## Use of derivatives / Investment in derivatives

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

### What are the key risks?

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

#### 1. 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.

#### 2. Risks associated with debt securities

- *Short-term debt instruments risk:* As the Sub-Fund invests significantly in short-term debt 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 debt instruments may also increase which in turn may have a negative impact on the NAV of the Sub-Fund.
- *Credit/counterparty risk:* The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that it 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.
- *Sovereign debt risk:* The Sub-Fund's investment in debt instruments 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.
- *Credit rating risk and downgrading risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. 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.
- *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 NAV calculation of the Sub-Fund.
- *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 not be directly comparable with those given by other international rating agencies.

#### 3. 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.

#### 4. Risks relating to sale and repurchase agreements

- 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.

#### 5. Concentration risk

- The Sub-Fund will invest primarily in the Hong Kong Dollars instruments. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

#### 6. Hedging / derivative risk

- The Sub-Fund may invest in FDIs for hedging purposes to the extent permitted by the Code and in adverse situations its use of FDIs may become ineffective and/or cause the Sub-Fund to suffer significant loss.
- Risks associated with the use of FDIs include volatility risk, credit risk, liquidity risk, management risk, valuation risk, counterparty risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

#### 7. 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 NAV 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.

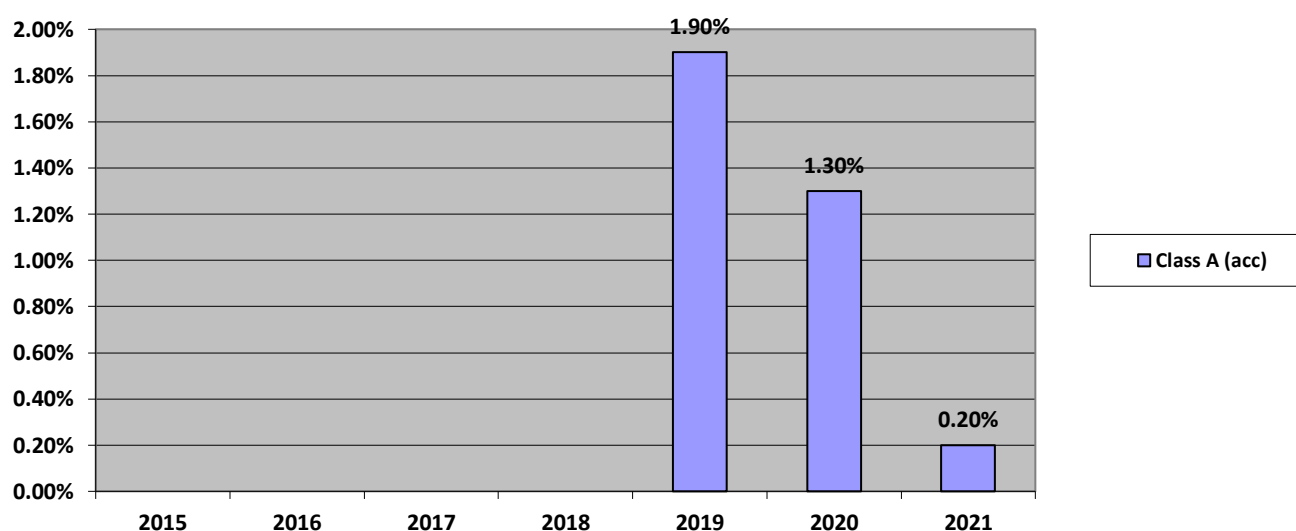
#### **8. RMB currency risk and RMB denominated classes risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between Renminbi and other currencies.
- Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds into RMB (due to exchange controls and restrictions applicable to RMB) which may also affect the Sub-Fund's ability to meet redemption requests from Unitholders in RMB denominated classes of units or to make distributions, and may delay the payment of redemption proceeds or dividends under exceptional circumstances.
- Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of units.
- 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.

#### **9. Hedged RMB and USD denominated classes risk**

- For hedged RMB and USD denominated classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. There is no guarantee that the hedging strategy will fully and effectively eliminate the currency exposure. Also, hedging may preclude the hedged RMB and USD denominated classes from benefiting from any potential gain resulting from the appreciation of the base currency against RMB and USD respectively.

### **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 unit class 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.
- Fund launch date: 18 December 2018.
- Class A (acc) launch date: 18 December 2018.
- The Manager views Class A (acc), being the retail share class denominated in the Sub-Fund's base currency, as the most appropriate representative share class.

### **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.

<b>Fee</b>	<b>What you pay</b>
Subscription fee	Class A Units: Up to 3% of the Issue Price Class B Units: Up to 1% of the Issue Price Class C Units: Up to 3% of the Issue Price Class I Units: Nil
Switching fee (i.e. conversion fee)	Nil
Redemption fee	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.

<b>Fee</b>	<b>Annual rate (as a % of the Sub-Fund's NAV)</b>
Management fee	Class A Units: Up to 3% p.a., current rate being 0.20%* p.a. Class B Units: Up to 3% p.a., current rate being 0.40%* p.a. Class C Units: Up to 3% p.a., current rate being 0.60%* p.a. Class I Units: Up to 3% p.a., current rate being 0.05%* p.a.
Performance fee	Nil
Trustee fee	0.05% p.a.

### Other fees

You may have to pay other fees when dealing in the Units 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

- 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 12:00 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 issue and redemption prices of Units are available on the Manager's website <http://www.efunds.com.hk> (this website has not been reviewed by the SFC) on each Dealing Day.
- Investors may obtain the past performance information of other classes offered to Hong Kong investors from <http://www.efunds.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.