

PRODUCT KEY FACTS STATEMENT

China Everbright Fortune Fund Series

Everbright Income Focus Fund

August 2022

China Everbright Securities (HK) Limited

- *This statement provides you with key information about Everbright Income Focus Fund (the "Sub-Fund").*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of China Everbright Fortune Fund Series.*
- *You should not invest in this product based on this statement alone.*

Quick facts

Manager: China Everbright Securities (HK) Limited
Trustee: ICBC (Asia) Trustee Company Limited
Custodian: Industrial and Commercial Bank of China (Asia) Limited
Ongoing charges over a year:

Class A USD (Accumulating) Units*	1.19%
Class A USD (Distributing) Units*	1.19%
Class A HKD (Distributing) Units*	1.19%
Class I HKD Units [#]	0.41%
Class I RMB Units*	0.41%
Class I USD Units*	0.41%

*The ongoing charges figure is based on the expenses of this class with reference to the audited annual report of the Sub-Fund for the year ended 31 December 2021. This figure may vary from year to year.

[#]As the class of units was fully redeemed, the ongoing charges figure is an estimate only based on the costs and expenses of the relevant year ended 31 December 2021 of another active class of units. The actual figure may be different and the figure may vary from year to year.

Dealing frequency: Daily
Base currency: USD
Dividend policy: Class A USD (Accumulating) Units:
 No dividends payment.
 Class A HKD (Distributing) Units, Class A USD (Distributing) Units, Class I HKD Units, Class I RMB Units and Class I USD Units:
 Currently declared on a monthly basis, subject to the Manager's discretion. Dividend, if declared, will be paid or reinvested, in accordance with the instruction given by the investor at the time of subscription. Dividend may be paid out of capital or effectively out of capital[#], subject to the Manager's discretion. Payment of dividends out of capital or effectively out of capital may result in an immediate reduction of the net asset value of the relevant class of units.

	<p>The approval of the SFC will be sought (where necessary) and at least one month's prior notice will be given to unitholders should there be a change in distribution policy.</p> <p>#The Manager may also at its discretion pay dividend out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital.</p>
<p>Financial year end of this Sub-Fund:</p> <p>Min. investment:</p>	<p>31 December</p> <p>Class A HKD (Distributing) Units: HKD10,000 initial, HKD10,000 additional</p> <p>Class A USD (Accumulating) Units: USD1,000 initial, USD1,000 additional</p> <p>Class A USD (Distributing) Units: USD1,000 initial, USD1,000 additional</p> <p>Class I HKD Units: HKD10,000,000 initial, HKD1,000,000 additional</p> <p>Class I RMB Units: RMB10,000,000 initial, RMB1,000,000 additional</p> <p>Class I USD Units: USD1,000,000 initial, USD100,000 additional</p>
<p>Min. holding:</p>	<p>Class A HKD (Distributing) Units: Units with aggregate minimum value of HKD10,000</p> <p>Class A USD (Accumulating) Units: Units with aggregate minimum value of USD1,000</p> <p>Class A USD (Distributing) Units: Units with aggregate minimum value of USD1,000</p> <p>Class I HKD Units: Units with aggregate minimum value of HKD1,000,000</p> <p>Class I RMB Units: Units with aggregate minimum value of RMB1,000,000</p> <p>Class I USD Units: Units with aggregate minimum value of USD100,000</p>
<p>Min. redemption:</p>	<p>Class A HKD (Distributing) Units: Units with aggregate minimum value of HKD10,000</p> <p>Class A USD (Accumulating) Units: Units with aggregate minimum value of USD1,000</p> <p>Class A USD (Distributing) Units: Units with aggregate minimum value of USD1,000</p> <p>Class I HKD Units: Units with aggregate minimum value of HKD1,000,000</p> <p>Class I RMB Units: Units with aggregate minimum value of RMB1,000,000</p> <p>Class I USD Units: Units with aggregate minimum value of USD100,000</p>
<p>What is this product?</p> <p>Everbright Income Focus Fund (the "Sub-Fund") is a sub-fund of China Everbright Fortune Fund Series (the "Fund") which is a Hong Kong domiciled umbrella structure unit trust and is governed by the laws of Hong Kong.</p>	
<p>Objectives and Investment Strategy</p> <p>Objectives</p> <p>The investment objective of the Sub-Fund is to aim to provide investors with regular income and steady capital appreciation by investing in a diversified portfolio of debt securities in the global markets.</p>	

Strategy

The Manager will seek to achieve the Sub-Fund's investment objective by investing a minimum of 70% of its net asset value in a diversified portfolio of debt securities issued by governments and corporations in the global markets which are denominated in USD, EUR or in the local currencies of the relevant markets.

Debt securities that may be invested in by the Sub-Fund include but are not limited to fixed and floating rate bonds, zero coupon and discount bonds, straight bonds, convertible bonds, contingent convertible bonds, perpetual securities, preferred securities, hybrid securities, senior debts, subordinated debts, as well as short-term money market instruments (such as treasury bills, commercial papers, certificates of deposit of variable or fixed interest rates that are listed or quoted on the over-the-counter markets, bank deposits, short term bills and notes). Debt securities may be issued or guaranteed by government, municipal government, government agencies, quasi-government organisations, financial institutions, investment trust and property trust, multi-national organisations and other corporations. The Sub-Fund will only invest in debt securities which are of investment grade (i.e. rated as Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or BBB- or above by Fitch Group or equivalent ratings by other credit rating agencies of similar standing).

The Sub-Fund may invest less than 20% of its net asset value in debt instruments with loss-absorption features (e.g. total loss-absorbing capacity eligible instruments, contingent convertible bonds, senior non-preferred debt, Additional Tier 1 and Tier 2 capital instruments (i.e. debt instruments with write-down features which are triggered when the issuers' regulatory capital ratio falls to a certain level)). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

To the extent permitted under the investment policy of the Sub-Fund, the Sub-Fund may invest more than 30% of its net asset value in debt securities which are issued or distributed in Hong Kong.

The Sub-Fund may invest up to 50% of its net asset value in offshore debt securities denominated in non-RMB currencies (e.g. USD) and issued outside of mainland China by mainland Chinese government or government agencies or mainland Chinese corporations which carry out a predominant proportion of their business activities in or derive a predominant of their revenue from mainland China ("**Offshore China Bonds**").

The Sub-Fund may also invest less than 30% of its net asset value in dim sum bonds (i.e. bonds issued outside of mainland china but denominated in RMB) or other securities which are denominated in RMB. For the avoidance of doubt, the Sub-Fund may not invest directly or indirectly in RMB denominated debt securities issued or distributed within the PRC.

The Sub-Fund will not invest in equities and collective investment schemes.

The Sub-Fund does not intend to enter into securities lending transactions. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before the Manager enters into any such transactions.

The Sub-Fund may enter into reverse repurchase transactions and sale and repurchase transactions in aggregate for up to 20% of its net asset value.

The Sub-Fund may invest in financial derivatives instruments (including but not limited to currency forwards, futures, options and swaps) for hedging purpose only. The Sub-Fund will not invest in any structured deposits, structured products, asset backed securities (including asset backed commercial papers) or mortgage backed securities for hedging or non-hedging purposes.

It is expected that the Sub-Fund may temporarily hold a significant amount of cash or cash equivalents in times of substantial subscription/redemption, extreme market conditions such as in times of a prolonged bearish market or extremely severe and rapid economic downturn.

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.

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.

Debt securities

Investments in debt securities will be subject to risks associated with debt securities.

Interest rates 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.

Credit / Counterparty risk

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

Credit rating downgrading risk

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. If investment grade securities are downgraded to below investment grade, such securities will not be sold unless, in the opinion of the Manager, it is in the interest of unitholders to do so. Securities which are below investment grade or unrated are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

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 at all times.

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.

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.

Liquidity risk

The Sub-Fund may invest in debt securities that are not listed. Such securities may be less liquid and more volatile than listed debt securities, resulting in the fluctuation in the price of such securities and hence adversely affect the net asset value of the Sub-Fund.

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.

Concentration risk

The Sub-Fund may invest substantially in Offshore China Bonds. The value of the Sub-Fund may be volatile than that of a fund having a more diverse portfolio of investments. Also, 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 mainland China market.

Mainland China market risk

The Sub-Fund may invest substantially in debt securities associated with mainland China, which is an emerging market and thus is subject to the “Emerging market risk” described above.

Investment relating to mainland China may be sensitive to any major change in economic, social and political policy in mainland China. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity.

Volatility and liquidity risk

The debt securities in emerging 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.

Risk of investing in convertible bonds and hybrid securities

Convertible bonds and hybrid securities are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds and hybrid securities are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risk of investing in contingent convertible bonds

- *Trigger level risk / conversion risk* - Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the triggering events that would require the conversion. These securities may be converted into shares potentially at a discounted price and the principal amount invested may be lost. In case of conversion, the Manager might be forced to sell these new equity shares and such forced sale may result in the Sub-Fund experiencing losses.
- *Coupon cancellation risk* - Coupon payments are entirely discretionary and may be cancelled by the issuer. As a result, these securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.
- *Sector concentration risk* - These securities are issued by banking and insurance institutions. The performance of the Sub-Fund may depend to a greater extent on the overall condition of the financial services industry than for funds following a more diversified strategy.
- *Novelty and untested nature* - The structure of these securities is innovative yet untested. In a stressed environment, when the underlying features of these securities will be put to the test, it is uncertain how they will perform.

Risk of investing in perpetual securities

Investment in perpetual securities will be subject to the above risks associated with debt securities for a perpetual period such as interest rates risk and credit risk. Perpetual securities may be callable after a specified period of time. Investing in such perpetual securities may be subject to the risk of the perpetual bonds being recalled by the issuers in times of the interest rates falling sharply. Also, some perpetual securities are structured to allow the coupon payments to be deferred, hence there is no guarantee that coupon payments will be received by the Sub-Fund on a regular and steady basis.

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 unit may be designated in a currency other than the base currency of the Sub-Fund. The Sub-Fund's net asset value may be affected unfavourably by fluctuations in the exchanges rates between these currencies and the base currency and by changes in exchange rate controls.

Risk relating to distribution out of capital

Distributions of the Sub-Fund may be paid out of the capital or effectively out of capital of the Sub-Fund. Payment of distributions 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 such distributions may result in an immediate reduction of the net asset value of the relevant units.

Risks associated with RMB classes of Units

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non RMB-based investors (e.g. Hong Kong investors) are exposed to foreign exchange risk. If non RMB-based investors convert other currencies into RMB so as to invest in Class I RMB Units (the “RMB class”) and subsequently convert the RMB redemption proceeds back into other currencies, they may incur currency conversion costs and suffer losses as a result of foreign exchange risk. 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 investors’ investments in the RMB class.
- When calculating the value of the RMB class, reference to the CNH rate (i.e. the exchange rate for the offshore RMB market in Hong Kong) rather than the CNY rate (i.e. the exchange rate for the onshore RMB market) will be made and the value of the RMB class thus calculated will be affected by fluctuations in the CNH rate. Although CNH and CNY represent 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 exchange controls and restrictions applicable to RMB.

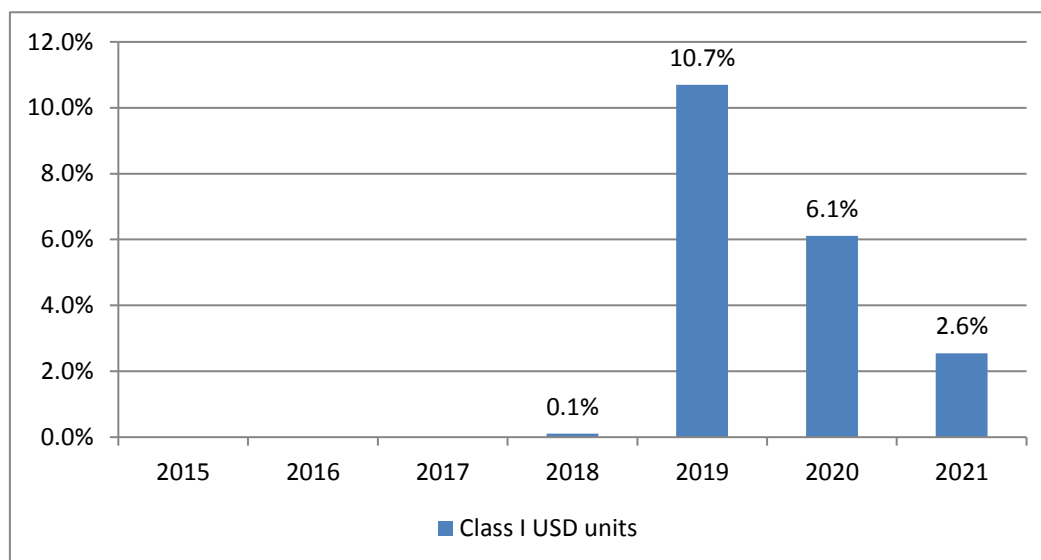
Risks relating to sale and repurchase transactions

- 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.

Risks relating to reverse repurchase transactions

- In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

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 Class I USD Units 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 fee and redemption fee you might have to pay.

- The Manager views Class I USD, being the unit class with the longest track record denominated in the Sub-Fund's base currency, as the most appropriate representative unit class.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2013
- Class I USD Units launch date: April 2018

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 total subscription amount received (i.e. before deducting preliminary charge))	All classes of units: up to 5%
Switching Fee (Switching Charge) (% of total amount being switched into)	All classes of units: nil
Redemption Fee (Redemption Charge) (% of total redemption proceeds)	All classes of units: nil

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 (as a % of the Sub-Fund's net asset value)</u>
Management Fee*	<u>Class A</u> 1.00% p.a. on the net asset value <u>Class I</u> 1.00% p.a. on the net asset value in the region of USD0.1 million and USD10 million 0.27% p.a. on the net asset value of above USD10 million
Trustee Fee**	All classes of units: up to 0.125% p.a.
Custody Fee**	All classes of units: up to 0.1% p.a. of month-end market value (if unavailable, the nominal value) of the Sub-Fund's investments in custody plus transaction fees at customary rates
Performance Fee	All classes of units: not applicable
Administration Fee	All classes of units: not applicable

*the current annual rate may be increased up to a specified permitted maximum level as set out in the Explanatory Memorandum by giving not less than 1 month's prior notice to the investors

#the Trustee may charge a minimum monthly fee of USD3,000 if the monthly aggregate of the Trustee Fee and Custody Fee is less than USD3,000.

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 Explanatory Memorandum. 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 next-determined net asset value after the Manager or the authorised distributors receive your request in good order on or before 4:00 p.m. (Hong Kong time) on the relevant Dealing Day or the dealing cut-off time set by the authorised distributors.
- The authorised distributor(s) may impose an earlier cut-off time before the dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the authorised distributor(s) concerned.
- The net asset value of the Sub-Fund is calculated at each valuation day and the price of units is published on each dealing day on the website of the Manager at <http://www.ebshk.com>. Please note that this website has not been reviewed by the SFC.
- Compositions of the latest dividend distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Manager on request and on the website of the Manager at <http://www.ebshk.com>. Please note that the aforesaid website has not been reviewed by the SFC.
- You may obtain the past performance information of other unit classes offered to Hong Kong investors from the website of the Manager at <http://www.ebshk.com>. Please note that 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.