

## PRODUCT KEY FACTS



### GFI Unit Trust Series - GFI Select Greater China Growth Fund

May 2022

GF International Investment Management Limited

- *This statement provides you with key information about GFI Select Greater China Growth Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of GFI Unit Trust Series.*
- *You should not invest in this product based on this statement alone.*

#### Quick facts

<b>Manager / QFI Holder:</b>	GF International Investment Management Limited	
<b>Trustee:</b>	BOCI-Prudential Trustee Limited	
<b>Custodian:</b>	Bank of China (Hong Kong) Limited	
<b>QFI Custodian:</b>	Bank of China Limited	
<b>Ongoing charges over a year*:</b>	<div> <div>Class A (USD) Units – 2.57%</div> <div>Class A (HKD) Units – 2.57%</div> <div>Class A (RMB) Units – 2.57%</div> <div>Class A (USD) PF Units – 2.37% (without performance fee) / 2.67% (with performance fee)</div> <div>Class A (HKD) PF Units – 2.37% (without performance fee) / 2.67% (with performance fee)</div> <div>Class A (RMB) PF Units – 2.37% (without performance fee) / 2.67% (with performance fee)</div> <div>Class I (USD) PF Units – 1.87% (without performance fee) / 2.17% (with performance fee)</div> <div>Class I (HKD) PF Units – 1.87% (without performance fee) / 2.17% (with performance fee)</div> <div>Class I (RMB) PF Units – 1.87% (without performance fee) / 2.17% (with performance fee)</div> </div> <div> <div>Class I (USD) Units – 2.07%</div> <div>Class I (HKD) Units – 2.07%</div> <div>Class I (RMB) Units – 2.07%</div> </div>	
<b>Dealing frequency:</b>	Daily, each day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business	
<b>Base currency:</b>	USD	
<b>Dividend policy:</b>	<p>Currently on a monthly basis for Class A (USD) Units, Class A (HKD) Units, Class A (RMB) Units, Class A (USD) PF Units, Class A (HKD) PF Units, Class A (RMB) PF Units, Class I (USD) Units, Class I (HKD) Units, Class I (RMB) Units, Class I (USD) PF Units, Class I (HKD) PF Units and Class I (RMB) PF Units, subject to the Manager's discretion.</p> <p>Distributions may, at the Manager's discretion, be paid out of the capital or effectively out of the capital of the Sub-Fund, which will result in an immediate reduction of net asset value (“NAV”) per unit.</p>	
<b>Financial year end of the Sub-Fund:</b>	31 December	
<b>Minimum investment:</b>	<div>Class A (USD) Units, Class A (USD) PF Units – USD1,000 initial, USD1,000 subsequent</div> <div>Class A (HKD) Units, Class A (HKD) PF Units – HKD10,000 initial, HKD1,000 subsequent</div> <div>Class A (RMB) Units, Class A (RMB) PF Units – RMB10,000 initial, RMB1,000 subsequent</div> <div>Class I (USD) Units, Class I (USD) PF Units – USD200,000 initial, USD20,000 subsequent</div> <div>Class I (HKD) Units, Class I (HKD) PF Units – HKD1,000,000 initial, HKD100,000 subsequent</div> <div>Class I (RMB) Units, Class I (RMB) PF Units – RMB1,000,000 initial, RMB100,000 subsequent</div>	

\* As the Sub-Fund is newly set up, these figures are an estimate only. These figures are calculated based on the estimated ongoing expenses chargeable to the relevant unit class over a 12-month period expressed as a percentage of the relevant unit class's estimated average NAV over the same period. These figures may vary from year to year. The actual figures may be different from the estimated figures.

#### What is this product?

- GFI Select Greater China Growth Fund is a sub-fund of GFI Unit Trust Series, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

#### Objective and Investment Policy

##### Objective

The investment objective of the Sub-Fund is to achieve long term stable capital growth through investment in a portfolio primarily consisting of equity securities of companies which are organised, have economic activities, whose revenues and profits are mainly derived in, or whose business operations are related to, Mainland China, Hong Kong or Macau (“**Greater China companies**”) that demonstrate long-term growth characteristics.

## Policy

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its NAV in equity securities of Greater China companies listed on exchanges in Mainland China, Hong Kong or the US. These equity securities include, but are not limited to, common stocks, preferred stocks, and American depositary receipts.

The Sub-Fund will invest at least 70% of its NAV in equity securities of companies that the Manager believes have growing value. The Manager may from time to time determine the definition of growing value with reference to the major financial or stock market indices which track the performance of growing companies. In seeking to achieve the Sub-Fund's investment objective, the Manager will seek investment opportunities following the changes in supply and demand, and industrial investment opportunities arising from innovation. At the same time, the Manager will also diversify risk by investing in growing industries with low correlation.

The Manager will construct the portfolio of the Sub-Fund and select investments based on the combination of top-down (such as macro-economic analysis and sector analysis) and bottom-up (such as individual company analysis) research.

The Sub-Fund may invest up to 100% of its NAV in securities in Mainland China, such as equity securities of Greater China companies listed on the exchanges in Mainland China, through the qualified foreign investor ("QFI") status of the QFI Holder and/or Stock Connect. These include securities listed on the Shenzhen Stock Exchange ("SZSE") ChiNext Market ("ChiNext Market") and the Shanghai Stock Exchange ("SSE") Science and Technology Innovation Board ("Star Board"). These may also include up to 10% of the Sub-Fund's NAV in equity securities listed on the Beijing Stock Exchange through the QFI status of the QFI Holder.

For the remaining assets, the Sub-Fund may invest less than 30% of its NAV in any asset classes and geographies and in securities issued by issuers of any market sectors and market capitalisation, such as fixed income securities (including bonds, senior unsecured debt, subordinated debt, perpetual bonds, convertible bonds, preferred stocks, short-term notes and collateralised and/or securitised products (e.g. asset backed securities and mortgage backed securities)), structured products, money market instruments and collective investment schemes (including money market funds) consistent with the Sub-Fund's investment objective.

The Sub-Fund may invest less than 20% of its NAV in aggregate in instruments with loss-absorption features, with a breakdown as follows:

- Additional Tier 1 capital instruments and contingent convertible bonds: less than 20% of the NAV
- Tier 2 capital instruments: up to 5% of the NAV
- Other instruments with loss-absorbing features (including but not limited to senior non-preferred debt and subordinated debt with loss absorbing features): up to 5% of the NAV

These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

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

The Sub-Fund may invest in financial derivative instruments (including but not limited to, interest rate swaps, futures, credit derivatives, forward contracts and options), for investment and hedging purposes, to the extent permitted by the investment restrictions under Chapter 7 of the SFC's Code on Unit Trusts and Mutual Funds and the Explanatory Memorandum.

Under exceptional circumstances (such as a prolonged bearish market with market volatilities rising, deteriorating sentiments or rapidly worsening economic fundamentals), the Sub-Fund may hold temporarily up to 100% of its NAV in cash and cash equivalents (e.g. certificates of deposit, commercial paper and treasury bills) for cash flow management in order to defend against market turmoil and to capture future investment opportunities as and when they arise.

The Manager does not intend to enter into any securities lending, sale and repurchase and/or reverse repurchase transactions in respect of the Sub-Fund.

## 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. Equity market risk

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.

3. **Risk associated with small-capitalisation / mid-capitalisation companies**  
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.
4. **Concentration risk**
  - The Sub-Fund's investments are concentrated in Greater China companies. 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 Greater China.
5. **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.
  - Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.
6. **Risks associated with exposure to RMB**

***RMB currency and conversion risk***

  - RMB is currently not freely convertible and is subject to exchange controls and restrictions.
  - Where the Sub-Fund invests in RMB denominated investments, the value of such investments may be affected favourably or unfavourably depending on the changes in exchange rate between RMB and the base currency of the Sub-Fund. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments in the Sub-Fund.
  - 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 (e.g. HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investor's investment in the Sub-Fund.
  - Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. Any divergence between CNH and CNY may adversely impact the NAV of the Sub-Fund and thus the 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.

***RMB class(es) related risk***

  - When calculating the value of the RMB denominated class(es), CNH will be used. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation.
  - Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).
  - For RMB denominated class(es), since the unit prices are denominated in RMB, but the Sub-Fund will not be fully invested in RMB-denominated underlying investments and its base currency is USD, so even if the prices of the non-RMB denominated underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency more than the increase in the value of the non-RMB denominated underlying investments and/or the base currency.
  - Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency of the Sub-Fund (i.e. USD), and the value of the non-RMB denominated underlying investments decreased, the value of investors' investments in RMB denominated class(es) may suffer additional losses.
7. **Risks associated with the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board**

Investments in the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board may result in significant losses for the Sub-Fund and its investors. Such investments are subject to the following risks:

***Higher fluctuation on stock prices and liquidity risk***

  - Listed companies on the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board are usually innovative and growth enterprises of emerging nature with smaller operating scale. Listed companies on the Beijing Stock Exchange, the ChiNext Market and the STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards of the SSE and the SZSE.
  - Due to different trading rules, daily price movements shall be limited to 30% on the Beijing Stock Exchange and 20% on the ChiNext Market and the STAR Board. Therefore the securities traded on these markets may be subject to a higher volatility risk than securities of relevant sectors traded in the other China A-share markets.

***Over-valuation risk***

  - Stocks listed on the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

***Differences in regulation applicable to the Beijing Stock Exchange, the ChiNext Market and the STAR Board***

  - The rules and regulations regarding companies listed on the Beijing Stock Exchange, the ChiNext Market and the STAR

Board are less stringent in terms of profitability and share capital than those in the main boards of the SSE and the SZSE.

**Delisting risk**

- It may be more common and faster for companies listed on the Beijing Stock Exchange, the ChiNext Market and/or the STAR Board to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

**Risk associated with transfer of listing for stocks listed on Beijing Stock Exchange**

- A company listed on the Beijing Stock Exchange in which the Sub-Fund invests may apply for transfer of listing to the ChiNext market of the SZSE or the STAR Board of the SSE, if permitted by the applicable laws and regulations, subject to meeting the listing requirements of the CSRC and the SSE or SZSE (as the case may be). The application for transfer of listing will be subject to the review and approval by SSE or SZSE (as the case may be). The application for transfer of listing, whether successful or not, may cause fluctuations in the price of the relevant stock, and hence the NAV of the Sub-Fund.

**Concentration risk applicable to the Beijing Stock Exchange and the STAR Board**

- The Beijing Stock Exchange and the STAR Board are newly established and may have a limited number of listed companies during the initial stage. Investments in the Beijing Stock Exchange and the STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

**8. Risks associated with investment made through the QFI 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 QFI status of the QFI Holder 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 QFI custodian/broker) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

**9. Risks associated with the Stock Connect**

- The relevant rules and regulations on the 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 invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

**10. Mainland China Tax Risk**

- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of the Sub-Fund's investment in Mainland China. It should also be noted that there is a possibility of Mainland China tax rules being changed and taxes being applied retrospectively. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Manager will make provisions from the Sub-Fund's assets for Mainland China withholding income tax ("WIT") at a rate of 10% in respect of the interests paid by Mainland China tax resident enterprises (except for government bonds) where such Mainland China WIT has not been withheld at source. Also, based on professional and independent tax advice, the Manager will not make provision for (i) any Mainland China WIT and value-added tax ("VAT") in respect of realised and unrealised capital gain derived from the trading of Mainland China securities; and (ii) any Mainland China VAT in respect of interest income derived from Mainland China securities.
- In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's NAV will be adversely affected. 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).

**11. Currency and foreign exchange 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 or the currency of its underlying investment. The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

**12. Risks associated with investment in financial derivative instruments**

- The Sub-Fund may use financial derivative instruments for investment and hedging purposes. The use of such derivatives exposes the Sub-Fund to additional risks, including counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Moreover, the use of financial derivative instruments for hedging may become ineffective, and the Sub-Fund may suffer substantial loss. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

**13. Risks associated with distribution out of capital or effectively out of capital**

- 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 investments. Any such distributions may result in an immediate reduction of the NAV per unit.

**14. Risks associated with performance fee charged by the Sub-Fund**

- Performance fees may encourage the Manager of the Sub-Fund to make riskier investments that would be the case in the absence of a performance-based incentive system.

- Given there is no equalisation arrangement for the calculation of the performance fee, a redeeming investor may still incur a performance fee in respect of his investments, even though he has suffered a loss of investment capital.
- In addition, performance fees may be paid on unrealised gains which may never be realised by the Sub-Fund.

### **How has the Sub-Fund performed?**

As the Sub-Fund is newly established, there is insufficient data to provide a useful indication of past performance to investors.

### **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 charge (% of the issue price)	Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units – Up to 5% Class A (USD) PF Units, Class A (HKD) PF Units and Class A (RMB) PF Units – Up to 5% Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units – Up to 3% Class I (USD) PF Units, Class I (HKD) PF Units and Class I (RMB) PF Units – Up to 3%
Redemption charge (% of the redemption price)	Nil
Switching fee (% of the total amount being converted)	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.

#### **Annual rate (as a % of the Sub-Fund's NAV)**

Management Fee <sup>^</sup>	Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units – 1.5% Class A (USD) PF Units, Class A (HKD) PF Units and Class A (RMB) PF Units – 1.3% Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units – 1.0% Class I (USD) PF Units, Class I (HKD) PF Units and Class I (RMB) PF Units – 0.8%
Trustee Fee <sup>^</sup>	Up to 0.14%, subject to a minimum monthly fee of USD6,000 per Sub-Fund
Custody Fee	Up to 0.0525%
Performance Fee	<p>The Manager is entitled to charge a performance fee to Class A (USD) PF Units, Class A (HKD) PF Units, Class A (RMB) PF Units, Class I (USD) PF Units, Class I (HKD) PF Units and Class I (RMB) PF Units of the Sub-Fund for each performance period.</p> <p>The rate of performance fee payable is 15% of the outperformance of the NAV per unit of a class during a performance period over the High Water Mark.</p> <p>Each performance period corresponds to the financial year which will run from the first valuation day of the financial year of the Sub-Fund to the last valuation day of such financial year, except that the first performance period is from the launch date of the Sub-Fund to the last valuation day of 2022.</p> <p>Outperformance means the amount by which the increase in NAV per unit of a class during the relevant performance period (before deduction of any distribution declared or paid in respect of that performance period) exceeds the High Water Mark.</p> <p>The High Water Mark will only be calculated once in each performance period and shall be the higher of (i) the initial offer price of a class, and (ii) the NAV per unit of a class as at the end of any previous performance period in respect of which a performance fee was paid. Where a performance fee is payable for a performance period, the NAV per unit of a class on the last valuation day of that performance period will be set as the High Water Mark for the next performance period.</p> <p>For the first performance period in year 2022, the High Water Mark is initially set at the initial offer price at which investors subscribed into the relevant class of the Sub-Fund.</p>

If the NAV per unit of a class exceeds the High Water Mark, a performance fee accrual will be made. If not, no performance fee accrual will be made. The performance fee accrual will also be calculated afresh on each valuation day. As such, on each valuation day, the performance fee accrual made on the previous valuation day will be reversed and a new performance fee accrual will be calculated using the latest NAV of the relevant class. If the NAV per unit of the relevant class on a valuation day is lower than or equal to the High Water Mark, all provision previously accrued performance fee will be reversed and no performance fee will be accrued.

For details and illustrative examples of the performance fee calculation, please refer to Appendix 2 – GFI Select Greater China Growth Fund of the Explanatory Memorandum.

#### **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.

<sup>^</sup>The current annual rate may be increased up to the specified permitted maximum level as set out above and in the Explanatory Memorandum by giving not less than one month's prior notice to the investors.

#### **Additional Information**

- You generally buy and redeem units at the Sub-Fund's next-determined NAV after the authorised distributor or the Manager has received your request in good order on or before 4:00p.m. (Hong Kong time) being the dealing cut-off time. The authorised distributor may impose different dealing deadlines for receiving instructions for subscriptions, redemption or switching. Investor should pay attention to the arrangements of the authorised distributor concerned.
- The NAV of this Sub-Fund is calculated and the price of units published each "business day". They are available online at the Manager's website: <http://www.gffunds.com.hk>. Please note that this website has not been reviewed by the SFC.
- Compositions of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also at the Manager's website: <http://www.gffunds.com.hk>. 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.