



恒生投資
HANG SENG INVESTMENT

PRODUCT KEY FACTS STATEMENT

Hang Seng Global Financial Sector

Bond Fund

29 April 2022

Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng Global Financial Sector Bond Fund (the “Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum”) and the Term Sheet of the Fund.***
- ***You should not invest in the Fund based on this statement alone.***

Quick Facts

Manager:	Hang Seng Investment Management Limited	
Trustee & Registrar:	HSBC Institutional Trust Services (Asia) Limited	
Base Currency:	USD	
Dealing Frequency:	Daily*	
Dividend Policy:	<p>The Manager currently intends to make declaration of distribution on a monthly basis. The distribution will be made in the form of cash payment. The Manager may at its discretion pay dividend out of the capital of the Fund.</p> <p>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 investment. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.</p>	
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund	
Ongoing charges over a year***	Class A USD Units**	1.44%
	Class A RMB (Hedged) Units	1.44%
Financial year end of the Fund:	31 December	

* Generally, Dealing Day is any day (except Saturday) on which banks in Hong Kong are open for normal banking business. Please refer to the Explanatory Memorandum for the full definition of “Dealing Day”.

** For clarity, with effect from 27 September 2021, Class A Units are renamed to Class A USD Units.

*** The ongoing charges figure for Class A USD Units is based on ongoing expenses for the year ended 31 December 2021 expressed as a percentage of the Fund's average Net Asset Value for the same period. It includes the fees of the Manager and the Trustee. As Class A RMB (Hedged) Units were newly established in September 2021, the ongoing charges figure is the Manager's best estimate of the expenses and the average Net Asset Value of the Class of Units over a 12 month period based on information available on another Class of Units already launched with a similar fee structure. The actual figure may be different from the estimate. Please refer to the “CHARGES AND EXPENSES” section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details. This figure may vary from year to year.

What is the Fund?

- ❖ The Fund is a fund in the Hang Seng Investment Series, which is a unit trust established as an umbrella fund and is currently domiciled in The Hong Kong Special Administrative Region (“Hong Kong”).

Objective and Investment Strategy

The investment objective of the Fund is to maximise long term total returns, in terms of both income and capital appreciation, by investing at least 80% of its Net Asset Value in a globally diversified portfolio of fixed income securities issued by companies in the financial service sector (such as companies providing banking, insurance and/or financial services) in any part of the world including emerging as well as developed markets. The debt securities the Fund may invest in include (but not limited to) bonds, notes, fixed or floating rate securities issued by such companies. The Fund will seek to achieve its investment objective by investing at least 80% of its Net Asset Value in fixed income securities/certificates of deposit rated as investment grade (i.e. those which are rated Baa3 or higher by Moody's, BBB- or higher by Standard & Poor's, BBB- or higher by Fitch or an equivalent rating by other recognized rating agencies).

The Fund may also invest up to 20% of its Net Asset Value in non-investment grade and/or unrated fixed income securities/certificates of deposit. In determining whether a debt security is "unrated", the Manager will consider the credit rating of the debt security itself; if the debt security is not rated, then the Manager will consider the credit rating of the issuer. If neither the debt security itself nor its issuer is rated, the debt security will be classified as "unrated". For the avoidance of doubt, for debt securities which are rated and/or the issuer of which are rated by multiple internationally recognized credit rating agencies, if the credit ratings of the debt securities amongst credit rating agencies differ, the highest available rating assigned by an internationally recognized credit rating agency will be used for the purpose of determining the credit rating. 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.

In order to achieve its investment objective, less than 30% of the Net Asset Value of the Fund may be invested in financial instruments denominated in currencies other than the base currency of the Fund, i.e. US dollars.

The Fund may invest not more than 50% of its Net Asset Value in debt instruments with loss-absorption features (e.g. debt instruments, non-preferred senior debt instruments and other senior or subordinated debt instruments issued by a holding company of a financial institution with features of contingent write-down on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level).

Use of derivatives / investment in derivatives

The Fund will not use financial derivative instruments for any purposes other than for hedging the currency exposure in currency hedged classes.

What are the key risks?

Investment involves risks. Please refer to the "Risk Factors" section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details.

Investment Risk

- ❖ The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

Currency and exchange rate control Risk

- ❖ Where the underlying investments of the Fund are denominated in currencies other than the base currency of the Fund, the Net Asset Value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Fund's base currency and by changes in exchange rate controls.

Risks for Funds investing in Fixed Income Instruments

In respect of the investments of the Fund in fixed income instruments, the key risks include the following:-

Credit / Counterparty Risk

- ❖ The Fund is exposed to the credit/default risk of issuers of the fixed income instruments that the Fund may invest in.

Interest Rate Risk

- ❖ Investment in the Fund is subject to interest rate risk. In general, the prices of fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

Volatility and Liquidity Risk

- ❖ The fixed income instruments 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 Fund may incur significant trading costs.

Downgrading Risk

- ❖ The credit rating of a fixed income instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

Valuation Risk

- ❖ Valuation of the 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 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 at all times.

Risks associated with Investing in Debt Instruments of Emerging Markets

- ❖ The above risks for investing in fixed income instruments may be especially pronounced for fixed income instruments of emerging markets. Investment in emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets. Other risks include, without limitation, currency fluctuations/control, legal and taxation risks, settlement risks, custody risk, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, substantial external debt and political and social uncertainties).

Risks associated with debt instruments with loss-absorption features (for Funds that will not invest in contingent convertible debt securities)

- ❖ Debt instruments with loss-absorption features are subject to greater risks as such instruments are typically subject to the risk of being written down upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls into a specified level), when compared to traditional debt instruments. Trigger events are complex, difficult to predict, outside the issuer's control, and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Fund.
- ❖ In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risks.
- ❖ The Fund may invest in non-preferred senior debt instruments. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.
- ❖ Coupon payments on some debt instruments with loss-absorption features may be cancelled by the issuer at any point, for any reason, and for any length of time. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient

distributable reserves. Debt instruments with loss-absorption features may thus be volatile and their price may decline rapidly in the event that coupon payments are suspended.

- ❖ The structure of some types of debt instruments with loss-absorption features is innovative and untested. In a stressed environment, it is uncertain how such instruments will perform.

Risks associated with Investing in the Financial Service Sector

- ❖ As the Fund invests principally in debt instruments issued by companies in the financial service sector, such as banking, insurance and financial services, the Fund is likely to be more vulnerable to factors that particularly affect financial service industries, such as extensive governmental regulation, increases in loan losses, decreases in the availability of money or asset valuations.

Concentration Risk

- ❖ The Fund's investments are concentrated in debt instruments of the financial services sector. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

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 an investor's investment in the 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.

Currency Hedging Risk

- ❖ The Fund may attempt to hedge the currency of denomination of a Class of Units against the base currency of the Fund or the currency of the underlying assets. The costs of hedging transactions will be reflected in the Net Asset Value of such Class of Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.
- ❖ If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.
- ❖ There is no assurance that hedging will be effective and Unitholders may still be subject to the currency exchange risk. Any profits or losses from currency hedging shall accrue to the value of the relevant currency hedged classes.
- ❖ When the Manager seeks to hedge against currency fluctuations, while it is not the intention, this could result in over-hedged or under-hedged positions. Furthermore, risks associated with leverage may arise from the derivative positions of the hedging transactions as a result of over-hedging the currency exposure. Unitholders of a hedged class may have exposure to currencies other than the denominated currency of that hedged class. It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to the Fund's base currency and/or the currency of the underlying asset, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Fund's base currency and/or the currency of the underlying asset relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Fund's base currency and/or the currency of the underlying asset.
- ❖ Unitholders whose base currency is different from the currency of the hedged class may be exposed to additional currency risk.

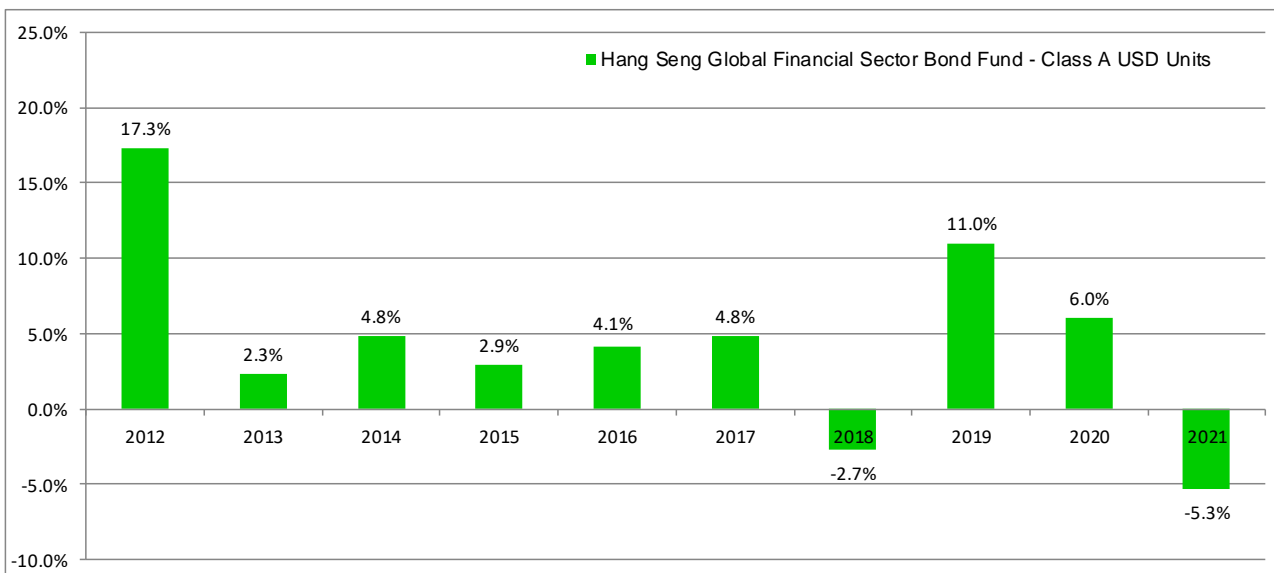
Risks associated with Distribution out of the Fund's Capital

- ❖ 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.

Distribution Risk for Currency Hedged Classes

- ❖ The distribution amount and/or rate of the currency hedged classes may be more than or less than such amount and/or rate of the Class of unit which is denominated in the Fund's base currency due to various factors, including but not limited to short-term interest rate differentials. Interest rate differentials means differences in interest rates of the denominated currency of the hedged class and the Fund's base currency. When the interest rate of the denominated currency of the hedged class is lower than the Fund's base currency, the distribution amount and/or rate of the currency hedged classes may be less than that of the Class of unit which is denominated in the Fund's base currency, vice versa.
- ❖ The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by the interest rate differentials, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than non-hedged classes.

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, Unit Price-To-Unit Price, with dividend (if any) reinvested.
- ❖ These figures show by how much the Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ Fund launch date: 2009
- ❖ Class A USD Units launch date: 2009
- ❖ The Manager views Class A USD Units, being the retail Class of Units with the longest track record and currently marketed to the public of Hong Kong, as the most appropriate representative Class of Units.
- ❖ Investors may obtain the past performance information of other Class(es) of Units (if any) from the website www.hangsenginvestment.com▲ when it has an investment track record of not less than 6 months.

Is there any guarantee?

The 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 Fund.

Fee	What you pay [#]	
Subscription Fee	Class A USD Units	Up to 4.0% of the issue price of the Fund
	Class A RMB (Hedged) Units	
Switching Fee	Class A USD Units	Up to 2.0% of the issue price of the Fund
	Class A RMB (Hedged) Units	
Redemption Fee	Class A USD Units	Nil
	Class A RMB (Hedged) Units	

[#] Please contact the Authorised Distributor(s) of the Fund for details.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Net Asset Value of the Fund)	
Management Fee [^]	Class A USD Units	Up to 1.0%
	Class A RMB (Hedged) Units	
Trustee Fee [^]	Class A USD Units	0.1%
	Class A RMB (Hedged) Units	(subject to a minimum monthly trustee fee of US\$4,500)

[^] Please note that the annual rate stated may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum by giving 1 month's prior notice to relevant Unitholders.

Other fees

You may have to pay other fees and charges when dealing in the Units of the Fund. Please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum for details.

Additional Information

- ❖ You generally buy and redeem Units at the Fund's next-determined Net Asset Value.
- ❖ To be dealt with on a Dealing Day, your request has to be received by the Authorised Distributor(s) of the Fund in good order on or before the dealing cutoff time as set by them (which may be different from that as set by the Manager). Please contact the Authorised Distributor(s) of the Fund for details.
- ❖ The Net Asset Value of the Fund on each Dealing Day is normally calculated on the Business Day after that Dealing Day, and is available online at www.hangsenginvestment.com[▲].

- ❖ The compositions of the dividends (if any) (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangsenginvestment.com▲.
- ❖ Investors may obtain other information of the Fund from the website www.hangsenginvestment.com▲.

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.

▲ This website has not been reviewed by the SFC.

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