

# PRODUCT KEY FACTS

## BOCIP Short Term HKD Money Market Fund

a sub-fund of  
BOCIP Asset Management Investment Funds

29 April 2022

Issuer: BOCI-Prudential Asset Management Limited

- ***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>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.07%
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 December
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

<sup>#</sup> The ongoing charges figure is based on expenses of such class of Units for the period ended 31 December 2021. This figure may vary from year to year.

### What is this product?

BOCIP Short Term HKD Money Market Fund (the “Sub-Fund”) is a sub-fund under the BOCIP Asset Management Investment Funds, which is an umbrella unit trust established 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, that the Manager has no obligation to redeem Units at the issue price and the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant Net Asset Value and does not guarantee the repayment of investment principal.

## Objectives and Investment Strategy

The Sub-Fund's investment objective is to seek to achieve a return in Hong Kong dollars in line with prevailing money market rates in Hong Kong by investing not less than 70% of its Net Asset Value in Hong Kong dollar denominated and settled short-term deposits and high quality money market instruments which include but not limited to debt securities, government bills, fixed and floating rate short-term notes, bankers' acceptances, commercial papers, certificates of deposits and commercial bills. In assessing whether a money market instrument is of high quality, as a minimum, the credit quality (such as the credit ratings assigned by internationally recognised credit rating agencies) and the liquidity profile of the money market instruments will be taken into account.

The Sub-Fund will not invest in instruments which are below investment grade or unrated.

For the purpose of the Sub-Fund,

- (i) "investment grade" means, a minimum credit rating of Baa3 by Moody's Investor Services, Inc., or BBB- by Standard & Poor's Corporation or Fitch Ratings or an equivalent rating by other internationally recognised rating agencies or if the credit rating is only designated by a People's Republic of China credit rating agency, a minimum credit rating of BBB-;
- (ii) if a bond itself does not have a credit rating, the Manager will consider the credit rating of the issuer /guarantor of the bond, which will be deemed as the implied rating of the bond; and
- (iii) "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating.

The Sub-Fund may invest up to 30% of its Net Asset Value in US dollar denominated short-term deposits and high quality money market instruments.

The Sub-Fund may also invest up to 10% of its Net Asset Value in money market funds that are authorized by the SFC under 8.2 of the the Code on Unit Trusts and Mutual Funds or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC (which may be money market funds managed by the Manager).

The Sub-Fund will maintain a portfolio that meets the maturity requirements under 8.2(f) of the UTMF Code (i.e. with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase any 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 invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features ("LAP") that are of high quality including (i) non-preferred senior debt instruments or external LAC debt Instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). In compliance with 8.2(e) of the UTMF Code, the Manager will consider the credit quality of the instruments and the portfolio maturity in selecting LAP.

**Credit quality:** The Sub-Fund will only invest in LAP that are rated investment grade or above. Please refer to the meaning of "investment grade" above.

**Maturity:** The portfolio will meet the maturity requirements under 8.2(f) of the UTMF Code.

The Sub-Fund may use financial derivative instruments for hedging purposes only.

Currently, the Manager has no intention to enter into securities lending transactions, sale and repurchase agreements, reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. The Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve or allow) engage in securities lending transactions, sale and repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf 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 net asset value.

## What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

### 1. **General investment risk**

The Sub-Fund is an investment fund. 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 in respect of repayment of principal.

### 2. **Risk of short-term deposits and money market instruments**

As the Sub-Fund invests significantly in short-term deposits and money market instruments with short maturities, the turnover rates of the Sub-Fund's investments may therefore be relatively high and the transaction costs incurred, including those costs resulting from the purchase or sale of short-term money market instruments may also increase which in turn may cause in a negative impact on the Net Asset Value of the Sub-Fund.

### 3. **Volatility and liquidity risk**

The Sub-Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large and the Sub-Fund may incur significant trading costs.

### 4. **Interest rate risk**

Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes. In general, the prices of money market instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

### 5. **Currency risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between the currency of the underlying investments and the base currency and by changes in exchange rate controls.

### 6. **Credit/ counterparty risk**

- The Sub-Fund is subject to the credit risks of the financial institutions that offer and act as counterparties of such deposits. As such deposits may not be protected or fully protected under any deposit protection schemes, a default by the relevant financial institution in respect of the Sub-Fund's holdings in short-term deposits may result in losses to the Sub-Fund.
- The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments that the Sub-Fund may invest in. The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

### 7. **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.

**8. 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.

**9. 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.

**10. Valuation risk**

Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

**11. Concentration risk**

The Sub-Fund's investments may be concentrated in short-term deposits and money market instruments denominated in the Sub-Fund's base currency. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

**12. Risk associated with LAP**

- LAP are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of 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 to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger event, there may be potential price contagion and volatility to the entire asset class. LAP may also be exposed to liquidity, valuation and sector concentration risk.

**13. Risk associated with restrictions on redemption**

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of the Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the latest available Net Asset Value of the Sub-Fund. In this event, Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day and the redemption price will then be determined by reference to the Net Asset Value per Unit on such next Dealing Day. A Unitholder may therefore not be able to redeem all of their holdings on a particular Dealing Day.

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

As the Sub-Fund is newly set-up, there is insufficient data to provide an indication of past performance to investors.

**Is there any guarantee?**

The Sub-Fund does not provide 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 Class A Units of the Sub-Fund.

<b><i>Fee</i></b>	<b><i>What you pay</i></b>
<b>Initial charge</b>	Nil
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund"): 1% <sup>#</sup> For switching into Units of another Money Market Sub-Fund : Nil
<b>Redemption charge</b>	Nil

<sup>#</sup> If Units are switched from the Sub-Fund or another Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For details, please refer to the section "Fees and Expenses" on pages 8 to 9 of the Fourteenth Term Sheet.

### 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><i>Annual rate (as a % of the Net Asset Value)</i></b>
<b>Management fee</b>	0.30%, up to a maximum of 1%*
<b>Trustee fee</b>	0.075% on the first HK\$3 billion; 0.065% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three (3) months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Fees and Expenses" on pages 8 to 9 of the Fourteenth Term Sheet and the section "Charges and Expenses" on pages 33 to 37 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 11:00 a.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per Unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)). Information contained in the website of the Manager 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.