



恒生投資

HANG SENG INVESTMENT

PRODUCT KEY FACTS STATEMENT

Hang Seng Global Bond Fixed Maturity Fund 2022 - II

29 April 2022

Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng Global Bond Fixed Maturity Fund 2022 - II (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* for redemption. No subscriptions will be allowed after the Initial Offer Period. Please refer to the section headed "Investing in the Fund" of this Product Key Facts Statement for further details.
Distribution Policy:	The Manager currently intends to make declaration of distribution on a monthly basis. The distribution will be made in the form of cash payment in the currency of the respective class of Units of the Fund. The Manager may at its discretion pay distribution out of the capital of the Fund. Payment of distribution 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.
Ongoing charges over a year**	Class A HKD Units: 0.55% Class A USD Units: 0.55%
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".

** The ongoing charges figures for Class A USD Units and Class A HKD Units are 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. They include the fees of the Manager and the Trustee. 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").
- ❖ The Fund will be terminated automatically at the end of the investment period, which is expected to be on or around 16 November 2022 (the "Maturity Date").

Objective and Investment Strategy

Objective

The Fund aims to provide investors with exposure to a buy-and-hold portfolio of global debt securities predominantly denominated in USD with ongoing monitoring over a fixed investment period of approximately 2 years and 10 months from the close of the Initial Offer Period up to the Maturity Date.

Investment Strategy

After the launch of the Fund, the Manager will continuously monitor and maintain the portfolio with a view to achieving the investment objective of the Fund. It may sell debt securities that it believes would suffer a deterioration in credit quality over time and/or purchase debt securities that it believes would provide better investment returns.

Currency and issuers of investments

The Fund will invest primarily (i.e. at least 70% of its Net Asset Value) in a portfolio of global debt securities denominated in USD that are issued or guaranteed by entities such as governments, government agencies, supranational entities, corporations, financial institutions and banks, which may include issuers located in emerging as well as developed markets. The Fund invests with no prescribed criteria on region, country or industry sector.

The Fund may invest more than 30% of its Net Asset Value in offshore debt securities issued or guaranteed by entities domiciled in mainland China or with a significant portion of their business activities conducted in mainland China. However, the Fund may invest less than 30% of its Net Asset Value in urban investment bonds (城投債), which are debt instruments issued by mainland Chinese local government financing vehicles ("LGFVs") in the offshore bond markets. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects. The Fund does not intend to invest in onshore debt securities in mainland China.

The Manager intends to invest in a diversified portfolio with not more than 5% of the Net Asset Value of the Fund invested in debt securities issued and/or guaranteed by a single corporate issuer. The Fund will also not invest more than 10% of its Net Asset Value in debt securities issued and/or guaranteed by any single sovereign issuer (including its government, public or local authority) which is below investment grade.

Credit Rating

The Fund will invest a minimum of 50% of its Net Asset Value in investment grade debt securities (rated as BBB- or above by Standard & Poor's, Baa3 or above by Moody's, BBB- or above by Fitch or an equivalent rating by other recognised rating agencies). The Fund may also invest in below investment grade or unrated debt securities. 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 or guarantor. If neither the debt security itself nor its issuer or guarantor 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 and/or the guarantor of which are rated by multiple internationally recognized credit rating agencies, if the credit ratings of the debt securities differ amongst credit rating agencies, 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.

Strategy near maturity

The Fund aims to invest in debt securities that have maturities on or before the Maturity Date of the Fund. Proceeds received from instruments maturing before the Maturity Date shall be reinvested or held in term deposits, money market instruments, short-term debt instruments and other cash and cash equivalents at the Manager's discretion. Within the six-month period immediately preceding the Maturity Date, the Fund may

invest more than 30% of its Net Asset Value in money market instruments, US Treasury bills / notes and/or other short-term debt instruments. Further, within the three-month period immediately preceding the Maturity Date, the Fund may hold up to 100% of its Net Asset Value in cash and cash equivalents in anticipation of distributing investment proceeds to investors upon the Fund's maturity. Consequently, the investments held by the Fund may not be reflective of the Fund's investment strategy disclosed herein upon the maturity of the Fund's underlying investments in debt securities as the Maturity Date approaches.

Others

The Fund may invest not more than 15% 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).

The Fund may hold up to 100% of its Net Asset Value in cash or cash equivalents in extreme market conditions, e.g. significant economic downturns, market crash, major crisis, political turmoil or legal or regulatory or policy uncertainty.

The Manager has no intention to enter into any securities lending, repurchase or reverse repurchase transactions, or other similar over-the-counter transactions on behalf of the Fund.

Investing in the Fund

Initial Offer Period

The Fund is open for subscription during an initial offer period ("**Initial Offer Period**") from 15 January 2020 to 5 February 2020 (or such other dates as may be agreed between the Trustee and the Manager). Units of the Fund will be issued after the close of the Initial Offer Period in respect of subscription applications accepted by the Manager during the Initial Offer Period. The launch of the Fund or a class of the Fund may be conditional upon the minimum subscription level, as the Manager may determine, being received on or prior to the close of the Initial Offer Period. In the event that such minimum subscription level is not achieved or the Manager is of the opinion that it is not in the commercial interest of investors or not feasible to proceed with the launch of the Fund or the relevant class of the Fund, the Manager may in its discretion extend the Initial Offer Period for the Fund or the relevant class of the Fund or determine that the Fund or the relevant class of the Fund will not be launched. In such event, the Fund or the relevant class of the Fund shall be deemed not to have commenced on 5 February 2020. The Manager also retains discretion to close the Fund for subscription prior to 5 February 2020 if the Manager considers accepting further subscription applications will not be in the best interest of investors under the then prevailing market condition.

In any event, the Manager retains discretion to accept or reject any subscription application for Units during the Initial Offer Period in whole or in part or to decide not to launch the Fund. Where it is determined that the Fund or the relevant class of the Fund will not be launched, investors will be informed and subscription monies will be returned without any interest (less any applicable bank charges), as soon as reasonably practicable after the close of the Initial Offer Period.

Subsequent Subscription

No subscription will be allowed after the Initial Offer Period. However, Unitholders may continue to redeem their Units on any Dealing Day, including after the Fund has been closed for subscriptions.

Term of the Fund

It is expected that the Fund will have an investment period of approximately 2 years and 10 months. The underlying investments of the Fund will have a date to maturity on or before the Maturity Date of the Fund. The Fund will be terminated automatically at the end of the investment period, namely at the Maturity Date, and Unitholders will be given written notice at least one month prior to the Maturity Date to confirm the termination of the Fund. All Units of the Fund will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Unitholders who hold Units of the Fund as at the Maturity Date according to the then Net Asset Value of the Fund. Any costs associated with such termination will be borne by the Fund. The costs associated with such termination are estimated to be approximately HKD100,000 and shall be amortised over the period from the close of the Initial Offer Period up to the Maturity Date. For the avoidance of doubt, any termination costs in excess of the foregoing estimated amount will be borne by the Manager.

Use of derivatives / investment in derivatives

The Fund will not use financial derivative instruments for any purposes.

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.

General 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.
- ❖ **Neither the distributions nor the capital of the Fund is guaranteed at or before the Maturity Date.** The value of the Fund’s investments and the income derived from such investments may fall as well as rise. There are risks that the Fund may not make any distribution and investors may not receive the original amount invested in the Fund at or before the Maturity Date.

Limited Time Horizon Risk

- ❖ The duration of the Fund is limited to the period from its commencement date to the Maturity Date (which will be approximately 2 years and 10 months). Investors should have regard to the risks pertaining to the fixed time horizon of the Fund (see also “Prepayment and Reinvestment Risk”, “Limited Subscription Risk”, “Substantial Redemptions Risk” and “Early Termination Risk” below) in deciding whether investment in the Fund is suitable for them.
- ❖ In view of the fact that the Fund may need to liquidate underlying investments (including those which are less liquid) to meet redemption or switching-out requests prior to the Maturity Date and to safeguard the interest of remaining investors, investors who redeem their investments or switch-out of the Fund before the Maturity Date are subject to a downward price adjustment of up to 2% of the Net Asset Value as determined by the Manager to reflect the duties and charges which would be incurred for the disposal of the underlying investments of the Fund. However, adjustments made may be greater than or less than the actual duties and charges incurred. If the adjustments made are less than the actual duties and charges incurred, the difference will be borne by the Fund. The price adjustments will apply to all redemptions and switching-out before the Maturity Date. Consequently, investors will redeem and switch-out at a lower redemption price. Investors should refer to the sections headed “Impact of the Use of the Liquidity Risk Management Tools on the Funds and Unitholders” and “Calculation of Issue Price and Redemption Price” in the Explanatory

Memorandum and “Redemption and Switching of Units” in the Term Sheet of the Fund for details of the Manager’s price adjustment policy and liquidity risk management tools.

- ❖ Deterioration in the liquidity of the Fund’s underlying investments may also affect the Fund’s ability to pay out redemption or termination proceeds to investors.

Prepayment and Reinvestment Risk

- ❖ Shorter-dated debt securities or cash deposits may not offer as high a return (if any) as longer-dated debt securities. Given (i) the Fund’s investments may mature (for whatever reasons) prior to the Fund’s Maturity Date, or (ii) the issuers of debt instruments may repay principal associated with such issuances before the maturity of these instruments, or (iii) the investments may be sold prior to maturity if the Manager believes it would suffer a deterioration in credit quality over time, there would be uncertainty as to whether the Fund can gain further access to other debt instruments delivering similar yield up to the Maturity Date. Where the repaid principal from the foregoing circumstances are re-invested, such re-investments may be made in shorter-dated debt securities or cash or cash equivalents. In such cases, this may result in lower interest income and returns to the Fund.
- ❖ Near the Maturity Date, the Fund may invest increasingly in short-dated instruments and then hold a higher proportion of the Fund’s assets in cash and cash equivalents. As such, the Fund’s yield will generally tend to move toward the then prevailing money market rates and may be lower than the yields of the bonds previously held by the Fund and lower than prevailing yields for similar bonds in the market.

Limited Subscription Risk

- ❖ The Fund is only open to subscription for a limited period i.e. during the Initial Offer Period. No subscriptions will be allowed after the Initial Offer Period.
- ❖ If there are substantial redemptions from the Fund during the term of the Fund, the size of the Fund may accordingly shrink significantly. In such cases, the Manager may need to make use of fair valuation adjustment and liquidity risk management tools more frequently than a fund which is open to subsequent subscription. In that case, the Net Asset Value of the Fund may be adversely affected.

Substantial Redemptions Risk

- ❖ If there are substantial redemptions within a short period of time, the Fund may need to liquidate some positions prematurely at an inopportune time or on unfavourable terms. The value of the Fund may therefore be adversely affected. In addition, the resulting decrease in the size of the Fund may immediately increase the ongoing charges of the Fund as a percentage of the Fund’s Net Asset Value and may have an adverse impact on investors’ return. Substantial redemptions may render the size of the Fund to shrink significantly and trigger the Fund to be early terminated (see “Early Termination Risk” below).

Early Termination Risk

- ❖ The Fund may be subject to termination before the Maturity Date as set out in the Explanatory Memorandum and the Term Sheet of the Fund, including if the aggregate Net Asset Value of the Units of the relevant classes outstanding in respect of the Fund is less than US\$25,000,000. Unitholders will be given at least one month’s prior written notice of such termination. Upon termination of the Fund, all the assets of the Fund will be realised and the net proceeds thereof which are available for distribution will be distributed to relevant Unitholders with reference to the number of Units held by them. Unitholders should note that the amount distributed to them may be less than the amount of their initial investment, and they will not be entitled to nor compensated for

the distributions which would be made if the Fund were not terminated early. For the avoidance of doubt, any termination costs which have been amortised up to the early termination date will be utilised to pay the Fund's expenses associated with the termination and any termination expenses in excess of the amortised amount will be borne by the Manager.

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:-

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.

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.

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.

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.

Sovereign Debt Risk

- ❖ The 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 Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

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

- ❖ Investment in emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets. In particular, investment in debt securities of emerging markets will be subject to higher risks as such debt securities will not be required to meet a minimum rating standard. Such securities are subject to other risks including currency fluctuations/control, legal and taxation risks, settlement risks, custody risk and risks associated with smaller capital markets (e.g. liquidity and volatility risks) and emerging economies (e.g. high inflation and political uncertainties). There may be limited recourse against the issuer in case of default in repayment.

Risk associated with Investing in Lower-rated/Non-investment Grade/Unrated Debt Instruments

- ❖ The Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

Concentration Risk

- ❖ The Fund invests with no prescribed concentration on industry sector or specific countries, but may be concentrated in a particular industry sector or a specific country from time to time. During such circumstances, the value of the Fund may be more volatile than that of a fund having at the relevant times a more diverse portfolio of investments, and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant industry sectors or countries.

General risks of investments associated with investments in the PRC

- ❖ The Fund's investments may be concentrated in debt securities issued or guaranteed by entities domiciled in mainland China or with a significant portion of its business activities conducted in mainland China. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting mainland China.

Currency and exchange rate control Risk

- ❖ A class of Units may be designated in a currency other than the base currency of the Fund. The underlying investments of the Fund may include securities denominated in currencies other than the base currency of the Fund and the class currencies of the respective classes of Units of the Fund. The Net Asset Value of the Fund and the distribution (if any) may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Fund's base currency and the class currencies of the respective classes of Units of the Fund, and by changes in exchange rate controls.

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.

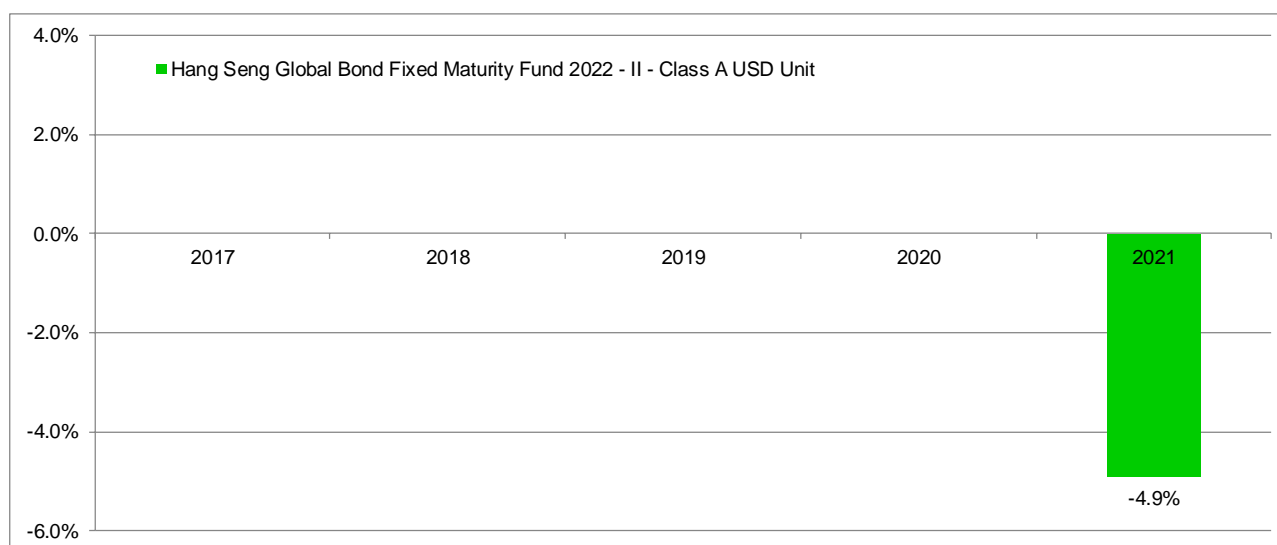
Debt instruments with loss-absorption features may thus be volatile and their price may decline rapidly in the event that coupon payments are suspended.

- ❖ 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 Distribution out of the Fund's Capital

- ❖ Payment of distributions 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.

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 Class of Units 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.
- ❖ Where no past performance is shown there was insufficient data available in that year to provide performance.
- ❖ Fund launch date: 2020
- ❖ Class A USD Units launch date: 2020
- ❖ The Manager views Class A USD Units, being the retail Class of Units which has the longest track record and is denominated in the Fund's base currency, 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 HKD Units Class A USD Units	Up to 3.0% of the issue price of the Fund
Switching Fee	Class A HKD Units Class A USD Units	Not applicable, as switching into Units of the Fund from units of other funds available under the Series or another investment series managed by the Manager is not permitted. Only switching of Units of the Fund into units of other funds available under the Series or another investment series managed by the Manager will be permitted. Switching fee (if any) will be charged in respect of the latter in accordance with the switching fee (if any) applicable to the relevant Units of the relevant fund in the Series or another investment series managed by the Manager. ^{##}
Redemption Fee	Class A HKD Units Class A USD Units	Nil (subject to a maximum of 2% price adjustment for redemption and switching-out prior to the Maturity Date) ^{##}

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

^{##} For redemption of Units of the Fund and switching-out of Units of the Fund into units of other funds available under the Series or another investment series managed by the Manager before the Maturity Date, the Manager will make price adjustments. The rate of adjustment will be at a pre-defined rate and may vary over time but may not exceed 2% of the original Net Asset Value per Unit. For details of the price adjustment policy, please refer to the section headed "Calculation of Issue Price and Redemption Price" in the Explanatory Memorandum and the section headed "Redemption and Switching of Units" in the Term Sheet of the Fund.

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 HKD Units Class A USD Units	Up to 0.4%
Trustee Fee [^]	Class A HKD Units Class A USD Units	0.045%

^ Please note that the annual rate stated is the maximum rate that can be charged currently as specified in the Term Sheet of the Fund. It 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 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 distributions (if any) (i.e. the percentages of distributions 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^.
- ❖ The Manager may at its discretion pay distribution out of the capital of the Fund. The Manager may amend this by giving not less than one month's prior notice to relevant Unitholders.
- ❖ 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.

Issued by Hang Seng Investment Management Limited (wholly-owned subsidiary of Hang Seng Bank)