中銀國際
BOC INTERNATIONAL
PRUDENTIAL
保誠集團
中銀保誠資產管理
BOCI-Prudential Asset Management

PRODUCT KEY FACTS
BOC-Prudential Hong Kong Stable Retirement Fund
a sub-fund of
the BOC-Prudential Unit Trust Fund

21 November 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

Fund Manager:	BOCI-Prudential Asset Management Limited (the "**Investment Manager**")
Trustee and Registrar:	BOCI-Prudential Trustee Limited (the "**Trustee**")
Ongoing charges over a year#:	Provident Class – Class A Units: 0.62%
Dealing frequency:	Daily (Hong Kong business days, other than Saturdays)
Base currency:	Hong Kong Dollars
Distribution policy:	The Investment Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
Financial year end:	31 March
Minimum investment:	Provident Class – Class A Units: no minimum investment and subsequent holding requirement

As the Sub-Fund is newly set up, this is a best estimate figure based on the estimated ongoing expenses chargeable to the Provident Class – Class A Units of the Sub-Fund over a 12-month period and expressed as a percentage of the estimated average net asset value of the Provident Class – Class A Units of the Sub-Fund over the same period. The actual figure may be different upon actual operation of the Sub-Fund and may vary from year to year.

What is this product?

BOC-Prudential Hong Kong Stable Retirement Fund is a sub-fund (the "**Sub-Fund**") under the BOC-Prudential Unit Trust Fund (the "**Fund**"), which is an umbrella unit trust established under the laws of Hong Kong.

Objectives and Investment Strategy

The Sub-Fund will, through its investment in the APIF Sub-Funds and/or approved ITCIS (as defined below), invest in a mix of Hong Kong dollar denominated bonds or fixed income instruments and global equities in a conservative manner with the objective of addressing retirement needs by aiming to seek to achieve a stable and long term capital appreciation with an expectation of a lower level of volatility.

The Sub-Fund is a fund of funds investing substantially all its assets in other sub-funds of the Fund, which are approved as approved pooled investment funds by the Mandatory Provident Fund Schemes Authority (the "**Authority**") and authorized by the Securities and Futures Commission (the "**SFC**") ("**APIF Sub-Funds**") and/or index-tracking collective investment schemes approved by the Authority ("**approved ITCIS**") managed by the Investment Manager. Under normal circumstances, the Sub-Fund will invest in at least two APIF Sub-Funds and/or approved ITCIS. The Sub-Fund may invest up to 89% of its net asset value in BOC-Prudential Hong Kong Dollar Bond Fund (a sub-fund under BOC-Prudential Unit Trust Fund) ("**Hong Kong Dollar Bond Fund**") which seeks to provide a stable income stream and long term capital appreciation through a portfolio of Hong Kong dollar denominated bonds which meet the credit rating requirements as specified in the relevant guidelines issued by the Authority from time to time. The Hong Kong Dollar Bond Fund's fixed income investment will focus on short-to-medium term bonds and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the Hong Kong Dollar Bond Fund's fixed income investment will focus on high quality credit bonds in order to reduce credit risks.

Where appropriate, the Investment Manager also has a discretion to invest in other approved ITCIS not managed by the Investment Manager for purposes such as risk diversification or to gain exposure to the relevant market(s).

Under normal circumstances, the Sub-Fund will, through its investment in the APIF Sub-Funds and/or approved ITCIS, invest at least 75% and up to 95% of its assets in Hong Kong dollar denominated bonds or fixed income instruments and at least 5% and up to 25% of its assets in global equities and equity related securities as permitted under Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation and the relevant codes and guidelines as may be issued by the Authority from time to time, including but not limited to the United States, Europe, Mainland China, Japan, Hong Kong and other markets.

The Sub-Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or approved ITCIS will focus on short-to-medium term Hong Kong dollar denominated bonds or fixed income instruments and aims to maintain a portfolio with weighted average duration not exceeding five years so as to seek to reduce exposure to interest rate risks. In addition, the Sub-Fund's fixed income investment made through its investment in the APIF Sub-Funds and/or approved ITCIS will focus on high quality credit bonds or fixed income instruments which meet the minimum credit rating of A3 by Moody's Investor Services, Inc., or A- by Standard & Poor's Corporation or Fitch Ratings or equivalent rating by other approved credit rating agencies under the Mandatory Provident Fund Schemes (General) Regulation in order to reduce credit risks.

The Sub-Fund will be actively managed by the Investment Manager and the allocation of the APIF Sub-Funds and/or approved ITCIS will be made by reference to their respective underlying investments. The Sub-Fund, through the APIF Sub-Funds and/or approved ITCIS, does not have a prescribed industry sector or market capitalization limit for investments. Where appropriate, cash, time deposits or money market securities may be considered. The Sub-Fund will maintain at least 30% Hong Kong dollar effective currency exposure.

The Sub-Fund will use financial futures contracts and financial options contracts for the purpose of hedging only.

Normal Asset Allocation (including underlying investments of the APIF Sub-Funds and/or approved ITCIS):

Hong Kong dollar denominated bonds or fixed income instruments:	*75% - 95%*
Global equities and equity related securities:	*5% - 25%*
Cash, time deposits or money market securities:	*0% - 20%*

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***
   - There is no assurance that the Sub-Fund will meet your retirement needs. Under certain market circumstances, the Sub-Fund may not be able to deliver stable return and the strategy to achieve lower level of volatility may not be effective. Investors should note that lower volatility does not necessarily mean lower 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 in respect of repayment of principal.

2. ***Risks of investing in other collective investment schemes/funds***
   - The Sub-Fund is a fund of funds and will be subject to the risks associated with the underlying APIF Sub-Funds and/or approved ITCIS.
   - Decisions of direct investments in bonds or fixed income instruments and equities are made at the level of the underlying APIF Sub-Funds and/or approved ITCIS, there can be no assurance that the selection

of investments by the investment manager of the underlying APIF Sub-Funds and/or approved ITCIS will result in an effective diversification of investments for the Sub-Fund and that positions taken by the underlying APIF Sub-Funds and/or approved ITCIS will always be consistent. Further, there is no assurance that the investment objective and strategy of the underlying APIF Sub-Funds and/or approved ITCIS will be successfully achieved which may have a negative impact to the net asset value of the Sub-Fund. There is also no guarantee that the underlying APIF Sub-Funds and/or approved ITCIS will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

- The Sub-Fund will bear the fees paid to the Investment Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying APIF Sub-Funds and/or approved ITCIS to the service providers of the underlying APIF Sub-Funds and/or approved ITCIS. Since the Sub-Fund invests in underlying APIF Sub-Funds and/or approved ITCIS managed by the Investment Manager, all initial charges and redemption charges on such underlying APIF Sub-Funds and/or approved ITCIS will be waived.

The following risks are risks to which the Sub-Fund may expose through its investments in the APIF Sub-Funds and/or approved ITCIS:

3. Risk relating to multi-asset investment

The Sub-Fund is subject to the risks inherent in the different asset classes of the underlying investments, and the overall risk also depends on the allocation of investments in each asset class and hence could be adversely affected by a change in such allocation which could result in higher volatility and/or lower diversification.

4. Risk relating to dynamic asset allocation strategy

The underlying APIF Sub-Funds and approved ITCIS of the Sub-Fund may periodically change their allocation across asset classes and therefore may incur greater transaction costs than a sub-fund with static allocation strategy. The Sub-Fund therefore may not achieve the desired results under all circumstances and market conditions.

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 these currencies and the base currency and by changes in exchange rate controls.

6. Credit/ counterparty risk

The Sub-Fund is exposed to the credit/default risk of issuers of the bonds or fixed income instruments that the Sub-Fund may invest in through the underlying APIF Sub-Funds and approved ITCIS.

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 at the underlying APIF Sub-Funds and approved ITCIS level may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Investment Manager of the underlying APIF Sub-Funds and approved ITCIS may or may not be able to dispose of the debt instruments that are being downgraded.

9. Interest rate risk

Underlying investment of the Sub-Fund is subject to interest rate risk. In general, the prices of bonds or fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

10. Liquidity and volatility risks

- The markets for debt and fixed income instruments may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and the underlying APIF Sub-Funds and approved ITCIS may incur significant trading costs.
- Certain securities at the underlying APIF Sub-Funds and approved ITCIS level may be difficult or impossible to sell, and this would affect the ability of the underlying APIF Sub-Funds and approved ITCIS to acquire or dispose of such securities at their intrinsic value, which will ultimately affect the Sub-Fund.

11. Sovereign debt risk

The Sub-Fund's underlying 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 underlying APIF Sub-Funds and approved ITCIS to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

12. Valuation risk

Valuation of the investments of the underlying APIF Sub-Funds and approved ITCIS may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.

13. Concentration risk

- The Sub-Fund's underlying investments are concentrated in Hong Kong. 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 the Hong Kong market.

14. *Equity market risk*

The Sub-Fund's underlying 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. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movement may therefore result in substantial fluctuation in the net asset value per unit of the Sub-Fund.

15. Tax risk

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the unitholders may receive from the Sub-Fund.

16. Potential conflicts of interest

The Investment Manager and the Trustee or their connected persons may, from time to time, act as investment manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any approved ITCIS and/or collective investment schemes separate and distinct from the Fund and the Sub-Fund. It is possible that any of the Investment Manager and the Trustee or their connected persons may, in the course of business, have potential conflicts of interest with the Sub-Fund. Each of the Investment Manager and the Trustee or their connected persons will, at all times, have regard in such event to its obligations to the Sub-Fund and the investors and will endeavour to ensure that such conflicts are resolved fairly.

17. Risks associated with the Sub-Fund's investments in approved ITCIS

- *Passive management risk*

  The approved ITCIS that the Sub-Fund invests is passively managed. Due to inherent nature of index funds, the investment manager of the approved ITCIS will not have the discretion to adapt to market changes and may not be able to take defensive positions where the relevant stock markets decline. Hence, any fall in the underlying index will result in a corresponding fall in the value of the approved ITCIS.

- *Tracking error risk*

  The approved ITCIS that the Sub-Fund invests may be subject to tracking error risk, which is the risk that its performance may not track that of the underlying index exactly. The approved ITCIS's returns may therefore deviate from the underlying index and such tracking error may be a result of a number of factors, for example, the fees and expenses of the approved ITCIS and the need for the investment manager to adopt a representative sampling strategy. There can be no assurance of exact or identical replication at any time of the performance of the underlying index.

How has the Sub-Fund performed?

As the Sub-Fund is newly set-up, there is insufficient data available 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?

A summary of fees and charges for the Provident Class – Class A Units of the Sub-Fund is listed below.

Charges which may be payable by you

You may have to pay the following fees when dealing in the Provident Class – Class A Units of the Sub-Fund.

Fee	***What you pay***
Initial charge/Subscription fee	
(i) Initial charge *(payable to Investment Manager)*	Provident Class – Class A Units: Nil
(ii) Subscription fee *(payable to Trustee)*	Provident Class – Class A Units: Nil
Switching charge *(payable to Investment Manager)*	Provident Class – Class A Units: Nil
Redemption charge/fee	
(i) Redemption charge *(payable to Investment Manager)*	Provident Class – Class A Units: Nil
(ii) Redemption fee *(payable to Trustee)*	Provident Class – Class A Units: 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 net asset value)
Investment management fees *(payable to Investment Manager)*	Provident Class – Class A Units: Nil
Trustee fee *(payable to Trustee)*	Provident Class – Class A Units: 0.0875%* (current and maximum)
Performance fee	Provident Class – Class A Units: Nil
Administration fee	Provident Class – Class A Units: Nil

*You should note that this fee 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 charges may also be deducted from the Sub-Fund. For details, please refer to paragraph 5 on pages 4 to 5 of the Third Addendum to the Principal Brochure and the section "Fees and Charges" on pages 39 to 44 of the Principal Brochure.

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 Investment Manager receives your request in good order on or before 5:00 p.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 Investment Manager and the Trustee may agree from time to time). Fund distributors may impose different dealing deadlines for receiving requests from investors.
- 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.
- Investors may obtain other information of the Sub-Fund via email at info@boci-pru.com.hk or from the Investment Manager's Investment Fund Services Hotline at (852) 2280 8615.

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.