

PineBridge Asian Bond Fund

Issuer: PineBridge Investments Hong Kong Limited
 (Incorporated in Hong Kong with limited liability)

29 April 2022

This statement provides you with key information about the PineBridge Asian Bond Fund.

This statement is a part of the offering document.

You should not invest in this fund based on this statement alone.

QUICK FACTS	
Fund Manager (Manager)	PineBridge Investments Hong Kong Limited, based in Hong Kong
Investment Manager	PineBridge Investments Asia Limited, based in Hong Kong (internal delegation)
Trustee	AIA Company (Trustee) Limited
Custodian	Citibank, N.A., Hong Kong Branch
Dealing Frequency	Daily (every business day in Hong Kong)
Ongoing charges over a year	Standard Units – Accumulation: 1.11% ¹ Standard Units – Monthly Distribution: 1.11% ¹
Base Currency	US Dollars
Dividend Policy	Standard Units – Accumulation: No dividend distribution Standard Units – Monthly Distribution: Monthly Distribution# #Dividends, if declared, will be paid monthly ² and may be paid out of the capital of the sub-class. Where the Manager determines in its discretion to pay dividends out of capital in respect of the sub-class, investors should note that such distributions may result in an immediate decrease in the net asset value of the sub-class.
Financial Year End of this fund	31st December
Min. Investment (applicable to Standard Units – Accumulation and Standard Units – Monthly Distribution)	Initial: One Unit Additional: Nil

WHAT IS THIS PRODUCT?

The PineBridge Asian Bond Fund is a class of the PineBridge Fund Series which is constituted in the form of a unit trust domiciled in Hong Kong.

OBJECTIVE AND INVESTMENT STRATEGY

The class seeks to provide a stable return and long term capital growth through investing in a wide range of debt securities within the Asian region.

The assets of the class shall predominantly (i.e. at least 70% of the total net assets) be invested in fixed or floating rate fixed income securities issued by sovereigns in Asian region, or issued by corporations and banks in the Asian region. The issuers in the Asian region shall include (i) companies domiciled or with their registered office or primary place of business in Asia, (ii) holding companies that are predominantly invested in companies domiciled or with their registered office or primary place of business in Asia, (iii) companies which are listed or to be listed on any approved stock exchanges in Asia, or (iv) companies with either the predominant part of their business operations or revenues derived or are expected to be derived from Asia. The countries in the Asian region that this class may invest in include but are not limited to Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Thailand and Vietnam.

¹ As the sub-class is not yet launched, the ongoing charges figure is based on the estimated expenses for the 12 months ended 31 December 2021 and expressed as a percentage over the estimated average net asset value of the sub-class of Unit for the same period. This figure may change from year to year.

² No distribution within the first 6 months from the first dealing day of the sub-class.

The assets of the class may predominantly be invested in emerging markets in the Asian region. However, this will not preclude the class from investing in other markets in the Asian region where opportunities can be identified. The Manager may invest up to 100% of the assets of the class in fixed income securities rated investment grade which also satisfy the minimum credit rating as stipulated by the Mandatory Provident Fund Schemes Authority (“Authority”).

The fixed income securities that the class invests in will primarily be denominated in US dollars.

The Manager may invest up to 30% of the total net assets of the class in debt instruments with loss-absorption features including, but not limited to, certain Additional Tier 1 and Tier 2 capital instruments, external LAC debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules, debt instruments issued under a regime of non-Hong Kong jurisdictions which implements the Financial Stability Board’s standards for “Total Loss-absorbing Capacity Term Sheet”, non-preferred senior debt instruments, senior or subordinated debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of a trigger event.

The Manager may invest less than 30% of the total net assets of the class in fixed or floating rate fixed income securities issued or giving exposure outside of the Asian region, as permitted under the General Regulation and the Authority’s Guidelines.

The fixed income securities in which the class invests will fulfill the relevant requirements of the regulation and guidelines applicable to Mandatory Provident Fund Schemes. These may include but are not limited to unrated fixed income securities which are issued by, or in respect of which the repayment of principal and the payment of interest are unconditionally guaranteed by an “exempt authority” as defined in Schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation.

Any remaining assets may be held in cash or cash equivalents or money market instruments.

The Manager does not intend to engage in securities lending. Should the Manager decide to engage in securities lending in future, the Manager will seek prior approval of the Securities and Futures Commission (“SFC”) and notify the Authority and the unitholders in advance. The Manager may from time to time acquire financial derivative instruments (“FDIs”) for hedging purposes in accordance with Schedule 1 to the General Regulation and the Code on Unit Trusts and Mutual Funds.

USE OF DERIVATIVES

The class’ net derivative exposure may be up to 50% of its net asset value.

WHAT ARE THE KEY RISKS?

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

Investing in fixed income securities and sovereign debt risk

- Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time.
- Certain developing and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (“sovereign debt”) issued or guaranteed by governments or their agencies (“government entities”) of such countries involves a higher degree of risk. In the event that government entity defaults on its sovereign debt, holders of sovereign debt, including the class, may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant government entity. Such events may negatively impact the performance of the class.

Credit risk

- The class is exposed to the credit/insolvency risk of issuers of deposits and debt securities that the class may invest in. The class will suffer a loss if the issuer defaults or is in credit difficulties.

Interest rate risk

- The class may invest in debt securities whose values will be subject to interest rate movements. An increase in interest rates usually results in a decrease in the value of debt securities, and vice versa.

Emerging markets risk

- The class may invest in securities of companies in ‘emerging’ or ‘developing’ countries, such as certain Asian countries. Investing in emerging markets is likely to subject the class to higher volatility and political, economic, social and regulatory risks and may be considered speculative not typically associated with investment in more developed markets.

Downgrade risk

- Fixed income securities are subject to credit rating downgrade risk. It is possible that investment grade securities are downgraded to a below investment grade rating after acquisition. The risk of loss due to default in payment of interest or principal by such issuers is significantly greater than the case of investment grade securities.

Settlement risk

- This class may invest in deposits and debt securities and hence may be exposed to settlement risks.

Currency risk

- The class may invest in holdings denominated in other currencies and therefore be exposed to currency movements, which may cause the value of the investments of the class to diminish or increase.

Risk of using FDIs for hedging purposes

- The use of FDIs may limit potential gains or be ineffective in hedging the risk exposure of this class and may result in significant losses. The use of FDIs may expose this class to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which may have an adverse effect on the net asset value of this class.

Risks associated with distribution out of capital in respect of the Standard Units – Monthly Distribution sub-class

- Dividends, if any, may be paid out of the capital of the sub-class. Where the Manager determines in its discretion to pay dividends out of capital in respect of the sub-class, investors should note that such distributions amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.
- Such distributions may result in an immediate decrease in the net asset value of the sub-class.

Risk of investing in instruments with loss-absorption features

- The class may invest in instruments with loss-absorption features which typically include terms and conditions indicating that the instrument may be subject to written-off fully or partially or converted to ordinary shares on the occurrence of a trigger event, which are likely to be outside of the issuer's control. A trigger event may include, for example, where the issuer's capital ratio falls below a specified level or when the issuer is near or at the point of non-viability. Debt instruments with loss-absorption features are subject to greater risks as a result of being partially or fully written off when compared to traditional debt instruments. Coupon payments on certain debt instruments are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments giving rise to losses of the relevant class.
- 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 risk.
- The class 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.
- The class may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

HOW HAS THE CLASS PERFORMED?

- No units of Standard Units - Monthly Distribution and Standard Units - Accumulation were issued as of 31 December 2021.

IS THERE ANY GUARANTEE?

This class does not have any guarantee. 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 class

Fee (applicable to Standard Units – Accumulation and Standard Units – Monthly Distribution)	What you pay

Subscription fee (sales charge)	Up to 6.00% of the net asset value of the amount you buy
Switching fee	Up to 1.00% of the net asset value of the units switched
Redemption fee	Not Applicable

Ongoing fees payable by the class

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

Fee (applicable to Standard Units – Accumulation and Standard Units – Monthly Distribution)	Annual rate (as a % of the class' net asset value)
Management fee	Up to 1.00%
Custodian fee	Up to 0.50%
Performance fee	Not Applicable
Administration fee	Standard Units – Accumulation: US\$1,000 per month in respect of the whole class Standard Units – Monthly Distribution: US\$1,000 per month in respect of the whole class
Trustee fee	Up to 0.05%

Other fees

You may have to pay other fees when dealing in the units of the class.

ADDITIONAL INFORMATION

- You generally buy and redeem units at the class' next-determined issue price and redemption price after the Application and Redemption Agent (Citicorp Financial Services Limited) receives your request in good order on or before 5:00pm (Hong Kong time) on the relevant dealing day, which is generally every bank business day. Before placing your subscription or redemption orders, please check with your distributor (if different from the Application and Redemption Agent) for the distributor's internal dealing cut-off time (which may be earlier than the Application and Redemption Agent's dealing cut-off time).
- The net asset value per unit of this class is generally calculated on each bank business day and the net asset value per Standard Units – Accumulation and the net asset value per Standard Units – Monthly Distribution in the class will be published on each bank business day at www.pinebridge.com.hk*
- The compositions of the distributions (i.e. the relative amounts paid from (i) net distributable income and (ii) capital) (if any) for the last 12 months are available from the Manager on request and also on the fund's website www.pinebridge.com.hk.*

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.