

PRODUCT KEY FACTS

SinoPac Money Market Funds
SinoPac USD Money Market Fund

SinoPac Asset Management (Asia) Limited

Apr 2022

- This statement provides you with key information about this product.
- This statement is a part of the fund's Explanatory Memorandum.
- You should not invest in this product based on this statement alone.

Quick facts

Manager:	SinoPac Asset Management (Asia) Limited	
Trustee:	BOCI-Prudential Trustee Limited	
Ongoing charges over a year*:		Estimated ongoing charges
	Class A (USD) Units	0.76%**
	Class B (USD) Units	0.26%*
	Class C (USD) Units	0.26%**
	Class D (HKD) Units	0.76%**
	Class E (HKD) Units	0.26%*
	Class F (HKD) Units	0.26%**
Dealing frequency:	Daily on each Hong Kong business day	
Base currency:	United States dollar (USD)	
Dividend policy:	No dividend is to be declared or paid to unitholders. Income earned will be reinvested in the Sub-Fund.	
Financial year end of this fund:	31 December	
Classes available:	Class A (USD), Class B (USD), Class C (USD), Class D (HKD), Class E (HKD) and Class F (HKD)	

* The ongoing charges figure is based on expenses for the period ended 31 December 2021. The ongoing charges figure is calculated by adding the applicable charges and payments deducted from the assets of the fund and then dividing by the fund's average net asset value for the fiscal year. This figure may vary from year to year.

** These figures are the Manager's best estimate of the expenses and the average net asset value of the respective classes for the period ended 31 December 2021 based on information available on other classes already launched with a similar fee structure, as these classes had no asset under management during part or all of the corresponding period. The actual figures may be different upon actual operation of the classes and may vary from year to year.

	Class A (USD) Units, Class B (USD) Units and Class C (USD) Units	Class D (HKD) Units, Class E (HKD) Units and Class F (HKD) Units
Minimum initial investment:	USD1,000	HKD7,800
Minimum subsequent investment:	USD1,000	HKD7,800
Minimum holding:	USD1,000	HKD7,800
Minimum redemption amount:	USD1,000	HKD7,800

What is this product?

SinoPac USD Money Market Fund (the "Sub-Fund") is a sub-fund of SinoPac Money Market Funds which is a unit trust established under the laws of Hong Kong.

Investors should note that purchase of a unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. There is no guarantee of repayment of principal. The Sub-Fund does not have a constant net asset value ("Net Asset Value"). The manager has no obligation to redeem units at the offer value.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to seek to preserve principal value and to maintain a high degree of liquidity while generating a higher rate of return as compared to personal deposits of the base currency of the Sub-Fund by investing primarily in USD-denominated and settled high quality instruments such as money market instruments, short-term debt securities and short-term deposits, as more fully described and subject to the conditions set forth under "Strategy" below.

Strategy

The Sub-Fund seeks to invest not less than 70% of its Net Asset Value in USD-denominated (i) short-term and high quality money market instruments, which may include short-term debt securities issued by governments, quasi-government organisations, supra-national organisations, multinational organisations, financial institutions and other corporations, commercial papers, certificates of deposits and commercial bills; and (ii) short-term deposits.

The Sub-Fund may also invest up to 30% of its Net Asset Value in (i) non-USD denominated short-term and high quality money market instruments, which may include short-term debt securities issued by governments, quasi-government organisations, supra-national organisations, multinational organisations, financial institutions and other corporations; and (ii) short-term deposits. However, the Sub-Fund will not invest in instruments denominated in renminbi.

In assessing whether an instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account.

The Sub-Fund shall invest not more than 40% of its Net Asset Value in debt securities, which include but are not limited to fixed and floating rate bonds. The Manager will consider the following in selecting debt securities:

- Credit quality: the Sub-Fund will only invest in debt securities (or issuers of such debt securities) which are rated investment grade or above by an independent rating agency, as further described in the sub-section titled "Credit rating" below.
- Maturity: out of investments that fulfil the criteria on credit rating, the portfolio will be constructed out of investments with a target maturity of around 60 days (or below), subject to the overall limit in weighted average maturity, weighted average life and remaining maturity of the portfolio as described below.
- Liquidity: investments that satisfy the above requirements will be assessed based on liquidity. The Manager will assess the liquidity of the investments based on, amongst others, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund will not invest in any instruments with loss-absorption features, convertible bonds, contingent convertible bonds, debt securities which are below investment grade or unrated, equities, collective investment schemes, asset-backed securities (including mortgage-backed securities) or asset-back commercial papers.

Weight average maturity, weighted average life and remaining maturity

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must 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 (i.e. any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies).

Credit rating

In addition to receiving a favourable quality assessment based on the Manager's internal assessment of the credit quality and the liquidity profile of an instrument in order to be considered for inclusion into the portfolio of the Sub-Fund, the Sub-Fund will only invest in money market instruments and short-term debt securities which are determined by the Manager to be of high quality where (i) such instruments shall be rated investment grade or above, or (ii) if the rating of an instrument is not available, the issuers of such instruments shall be rated investment grade or above. For this purpose, an instrument (or its issuer, where applicable) is considered investment grade if it (or its issuer) has either a minimum short-term rating of F3 by Fitch Ratings Inc. ("**Fitch**"), P-3 by Moody's Investors Service, Inc. ("**Moody's**") or A-3 by Standard and Poor's Financial Services LLC ("**S&P**") (including sub-categories or gradations therein) or, where it (or its issuer) only has a long-term rating, a minimum rating of A by Fitch, A2 by Moody's or A by S&P (including such sub-categories or gradations therein).

Diversification of instruments and deposits

Subject to the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; (ii) in the case of government and other public securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

Geographical allocation

The Sub-Fund will not invest in securities issued in the PRC, but may invest not more than 40% of its total Net Asset Value in companies with their principal place of business or key assets located in the PRC or which derive a substantial part of their revenue from the PRC.

Countries or regions in which the Sub-Fund may invest include the United States, the European Union countries and Hong Kong. Other than the PRC, the Sub-Fund will not invest in securities issued in emerging markets or issued by companies with their principal place of business or key assets located in emerging markets or which derive a substantial part of their revenue from emerging markets. The Sub-Fund will also invest less than 30% of its total Net Asset Value in debt securities or deposits issued in the European Union countries.

Other than as disclosed above, there is no specific geographical allocation of the country of issue of the debt securities or deposits.

Borrowing limits

The Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

Securities financing transactions

The Sub-Fund may enter into sale and repurchase transactions, securities lending transactions or reverse repurchase transactions or other similar over-the-counter transactions (collectively, "Securities Financing Transactions") with a maximum level of up to 10% of its Net Asset Value. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

Sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price with a financing cost. The Sub-Fund may sell securities for cash equal to the market value of the securities provided to the counterparty. Cash obtained will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested. Securities lending transactions are transactions where the Sub-Fund transfers securities or instruments to a borrower at an agreed fee, subject to the commitment according to which the borrower returns securities or equivalent instruments at a later date or at the request of the Sub-Fund. Under a reverse repurchase transaction, the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

Please refer to the section "Investment Objective, Strategy and Restrictions" – "Securities Financing Transactions" in the Explanatory Memorandum for requirements and the Sub-Fund's policies regarding Securities Financing Transactions.

Use of financial derivative instruments ("FDIs")

The Sub-Fund may from time to time invest in FDIs for hedging purposes only.

The Sub-Fund will not invest in structured deposits, structured products or over-the-counter securities, or to take any short positions. The Sub-Fund will not invest in collateralised and/or securitised securities (including asset backed commercial papers and mortgage backed securities).

Use of derivatives

The Sub-Fund's 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 Explanatory Memorandum for details including the risk factors.

1. Investment risk

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

2. Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than USD. Also, a class of shares may be designated in a currency other than USD. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in exchange rates between USD and such other currencies and by changes in exchange rate controls.

3. Risk of investing in money market instruments

- *Volatility and liquidity risk:* The money market instruments in certain markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such instruments may be large and the Sub-Fund may incur significant trading costs.
- *Credit / counterparty risk:* Investment in money market instruments is subject to the credit risk of the instruments or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default of the issuers of such instruments, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated outside of Hong Kong and are therefore not subject to the laws of Hong Kong.
- *Downgrading risk:* The Manager may or may not be able to dispose of the money market instruments that are being downgraded. The Sub-Fund's value will be adversely affected in the event of a credit rating downgrading of such instruments and investors may suffer a substantial loss as a result.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.
- *Credit ratings risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the money market instruments and/or issuer at all times.
- *Purchase at premium risk:* If a money market instrument (in particular, a debt instrument) is acquired by the Sub-Fund at a premium, the Sub-Fund will suffer a loss if the coupon payments of that instrument cannot cover the premium.
- *Risks associated with short-term money market instruments:* The Sub-Fund will invest in short-term money market instruments, which are not risk-free. Investment in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. Short-term money market instruments are subject to a high turnover risk, which is the risk of the Sub-Fund incurring high transaction costs as a result of the active trading of securities which could adversely affect the Sub-Fund's investment performance.
- *Sovereign debt risk:* The Sub-Fund's investment in sovereign debt obligations 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.
- *Interest rate risk:* Generally, the value of debt securities is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the markets may adversely impact the value of the Sub-Fund's portfolio.

4. Risks associated with bank deposits

- Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

5. PRC concentration risk and PRC market risk

- The Sub-Fund may invest up to 40% of its Net Asset Value in investments with exposure to the PRC. 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 PRC market.
- The Sub-Fund may invest in securities issued by companies with their principal place of business or key assets located in the PRC or which derive a substantial part of their revenue from the PRC, which is an emerging market. This may result in increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high

degree of volatility.

6. Concentration risk

- The Sub-Fund will invest primarily in USD-denominated and settled short-term and high quality money market instruments (which may include short-term debt securities) and short-term deposits. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. 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 USD money markets.

7. Risks associated with investment in FDIs

- The Sub-Fund may from time to time invest in FDIs for hedging purposes only. The use of such derivatives exposes a sub-fund to additional risks, including volatility risk, valuation risk, leverage risk, liquidity risk, correlation risk, counterparty/credit risk, legal risk, over-the-counter transaction risk and settlement risk. The leverage element or component of such FDIs can result in a loss significantly greater than the amount invested in the FDIs by the Sub-Fund. Exposure to such FDIs may lead to a high risk of significant loss by the Sub-Fund.

How has the fund performed?

As of 31 December 2021, a summary of the performance of the SINOPAC USD MONEY MARKET FUND is given below.

Cumulative Performance in USD					
	Since Launch	1 Month	3 Months	6 Months	1 Year
Class B	-1.24%	-0.01%	-0.05%	-0.03%	-1.28%
Class E	-0.67%	-0.03%	0.10%	0.40%	-0.68%

Source: Bloomberg

Note:

- 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, NAV-to-NAV, with dividend reinvested.
- Performance data has been calculated in USD, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Investors should note that, under IFRS, establishment costs should be expensed as incurred. However, for the purpose of calculating of net asset value for subscription and redemption and cumulative performance, establishment costs are to be amortised over a period of five financial years.

Is there any guarantee?

This Sub-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 Sub-Fund.®

Fee	What you pay (Applicable to all classes of units)
Subscription fee	Up to 3% of the subscription price
Redemption fee	Nil
Switching fee	Not applicable

® Please refer to the sections headed "Subscription of Units", "Redemption of Units", "Switching" and "Expenses and Charges" in the Explanatory Memorandum for details.

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 class of units' Net Asset Value)		
	Class A (USD) Units and Class D (HKD) Units	Class B (USD) Units and Class E (HKD) Units	Class C (USD) Units and Class F (HKD) Units
Management fee*	Up to 0.6%	Up to 0.3%**	Up to 0.1%
Performance fee	Nil		
Trustee fee*	Up to 0.09% per annum of the Net Asset Value of the Sub-Fund, subject to a monthly minimum fee of USD5,000		
Custodian fee*	Up to 0.08% per annum of the month-end market value of investment held in custody for each class of Units and subject to a maximum percentage of 0.5% per annum of the month-end market value of investment held in custody for the Sub-Fund		
Other fees			

You may have to pay other fees when dealing in the units of the Sub-Fund.

* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

** The current management fees for Class B (USD) units and Class E (HKD) units are 0.10% per annum with respect to the net asset value of the Sub-Fund.

Additional information

- You generally buy and redeem units at the Sub-Fund's next-determined Net Asset Value after the registrar receives your request in good order at or before 11:00 am (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's Net Asset Value per unit and the latest subscription and redemption prices of units are available each business day on the Manager's website <https://www.sinopacam.com> (this website 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.