中国平安资产管理（香港）
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

Product Key Facts

Ping An of China Asset Management Fund – China A-Shares AI Multi-Factor Fund

June 2022

This is a Luxembourg fund authorized for public offering in Hong Kong pursuant to Luxembourg-Hong Kong Mutual Recognition of Funds arrangement.

- ***This statement provides you with key information about Ping An of China Asset Management Fund – China A-Shares AI Multi-Factor Fund.***
- ***This statement is a part of the Hong Kong Offering Document.***
- ***You should not invest in this product based on this statement alone.***

Quick Facts

Management Company: Carne Global Fund Managers (Luxembourg) S.A.

Investment Manager: Ping An of China Asset Management (Hong Kong) Company Limited (external delegation, Hong Kong)

Depositary: HSBC Continental Europe, Luxembourg Branch

Dealing frequency: Daily (Business Day in Luxembourg, PRC and Hong Kong)

Base currency: CNH (Offshore RMB)

Reference Currency:

Class of Shares	Currencies
RE – USD – Unhedged (R)	USD
RE – USD – Hedged (R)	USD
RE – CNH – Unhedged (R)	RMB

Ongoing charges over a year:

RE – USD – Unhedged (R)	2.91%[1]
RE – USD – Hedged (R)	2.91%[2]
RE – CNH – Unhedged (R)	2.91%[1]

Dividend Policy:

Capital-accumulation (R)	Accumulating (no distribution of dividend, income (if any) will be reflected in the NAV and may be reinvested for the respective share classes

Financial year end of this fund: 31 December

Minimum investment:

Class of Shares	Minimum Initial Investment Amount	Minimum Subsequent Investment Amount
Class RE Shares	USD10,000	USD5,000

[1] The ongoing charges figure is based on actual expenses, excluding transactional costs, in audited financial statements, for the year ended 31 December 2021. This figure may vary from year to year.
[2] The figure for this unlaunched share class is estimated on the basis of the ongoing expenses of Class RE – USD – Unhedged (R). The actual figures may differ upon the launch of the share class and the figures may vary from year to year.

What is this product?

The Ping An of China Asset Management Fund – China A-Shares AI Multi-Factor Fund is a sub-fund of Ping An of China Asset Management Fund, a Luxembourg *société d'investissement à capital variable* (open-ended investment company with variable capital), established in the form of a *société anonyme* (public limited liability company). It is a UCITS fund and is domiciled in Luxembourg and its home regulator is the *Commission de Surveillance du Secteur Financier*.

Objective and Investment Strategy

Objective

The investment objective of the Sub-Fund is to achieve stable excess returns above CSI 300 Total Return Index as the benchmark. The CSI 300 Total Return Index is provided by China Securities Index Co., Ltd, a recognised benchmark administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 32 of the Benchmark Regulation.

The Sub-Fund is not an index tracking sub-fund and does not intend to replicate the benchmark. Instead, the Sub-Fund is actively managed and aims to outperform the overall performance of the investment universe, which is quantitatively represented and measured by the benchmark. The Investment Manager is not constrained by the benchmark and there is no deviation limitations set for the Sub-Fund with respect to the benchmark.

Strategy

The Sub-Fund will primarily invest at least 70% of its net assets in A-Shares of companies issued in the People's Republic of China ("**PRC**") and listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange ("**China A-Shares**") through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Programs ("**Stock Connect**"). The Sub-Fund may invest up to 50% of its net assets in China A-Shares listed on the ChiNext market and/or the Science and Technology Innovation Board (the "**STAR Board**"). The Sub-Fund may invest below 10% of its net assets in ETFs which track the performance of the CSI 300 Total Return Index.

The Sub-Fund employs multi-factor models to construct a well-diversified equity portfolio of China A-shares, as well as, to a limited extent, ETFs (subject to the 10% of net assets limit set out above), cash, money market instruments and fixed deposits. Advanced artificial intelligence (AI) techniques are applied to (i) derive factors from aggregated raw financial data, which include fundamental data (such as P/E ratio, earnings per share, return on equity) and trading data (such as price, volume, volatility and momentum); and (ii) calculate the alpha score of individual securities, so that the Investment Manager may optimise the Sub-Fund's portfolio (i.e. by maximizing the weighted sum of alpha score of stocks in the portfolio subject to relevant constraints, such as diversification requirements). The optimization parameters are chosen and the ensuing portfolio construction is carried out by the members of the portfolio management team of the Investment Manager.

The AI techniques used by the Sub-Fund include:

(i) Lasso Regression which is an advanced version of traditional regression with improved prediction accuracy by removing unnecessary variables;

(ii) Gradient Boosting, which is a technique that produces a prediction model in the form of decision trees; and

(iii) Deep Neural Network, which is a machine learning methodology that mimicks the neuro behaviour in the human brain

The alpha score of a security represents the risk adjusted return of a stock after factoring out market risk. The Investment Manager aims to maximise the weighted average sum of the alpha score of the stocks in the Sub-Fund's portfolio in order to achieve its investment objective to achieve stable excess returns above CSI 300 Total Return Index.

The total value of cash, cash equivalent instrument and money market instruments will not exceed 25% of the net assets of the Sub-Fund.

It is currently not intended that the Sub-Fund enter into securities lending transactions, repurchase or reverse repurchase transactions.

Any currency exposure other than the Base Currency may or may not be hedged.

The Sub-Fund may use financial derivative instruments for investment, hedging and efficient portfolio management purposes

Use of 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.

Market 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 that investors will recoup the amount invested. In particular, the value of investments in securities may be affected by uncertainties such as international, political and economic and general financial market developments or changes in government policies, especially in countries where the investments are based.

Risks associated with multi factor investing and artificial intelligence

The multi factors and AI techniques used in the management of the Sub-Fund rely on the use of models and data. When models and data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Sub-Fund to potential risks, such as leading to the Investment Manager to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether.

The use of predictive models has inherent risks. Such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Sub-Fund.

As predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, “model prices” may differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments.

Risks associated with A-Shares

The Sub-Fund’s investment in A-Shares may be subject to higher volatility and lower liquidity compared with shares of more developed markets (eg. due to the risk of suspension/limitation in trading of a particular stock or implementation of policies that may affect the financial markets by the government or the regulators).

Risk associated with Stock Connect

Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between the PRC and Hong Kong. Stock Connect is novel in nature. The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.

Stock Connect is subject to quota limitations which may restrict the Sub-Fund’s ability to invest in A-Shares through the programme on a timely basis. Where a suspension in the trading through the programme is effected, the Sub-Fund’s ability to access the PRC market through the programme will be adversely affected. The programme requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. In the event that the Sub-Fund’s ability to invest in A-Shares through Stock Connect on a timely basis is adversely affected, the Investment Manager will not be able to achieve the Sub- Fund’s investment objective.

Risk associated with the ChiNext market and/or the STAR Board

Higher fluctuation on stock prices and liquidity risk: Listed companies on the ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on the ChiNext market and/or STAR Board are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.

Over-valuation risk: Stocks listed on the ChiNext market and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares. Price corrections in such stocks may lead to losses to the value of the Sub-Fund.

Differences in regulation: The rules and regulations regarding companies listed on the ChiNext market and/or STAR Board are less stringent in terms of profitability and share capital than those in the main board . The stocks of such companies may therefore be subject to higher company specific risks than those of the main board.

Delisting risk: It may be more common and faster for companies listed on the ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted, as the stock of such companies will be subject to significantly reduced liquidity.

Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

Investments in the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its investors.

PRC risk

The Sub-Fund invests in the PRC which may involve 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. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of PRC (including expropriation, nationalisation or other confiscation) could result in the loss to the Sub-Fund.

Investment in PRC remains sensitive to any major change in economic, social and political policy. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in the PRC may not provide the same degree of investor information or protection as would generally apply in more developed markets.

Geographic concentration risk

The Sub-Fund's investments are concentrated in the PRC. 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 Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the PRC market.

Risk associated with small-capitalisation / mid-capitalisation companies

The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Currency and currency hedging risk

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of shares may be designated in a currency other than the base currency of the Sub-Fund. Fluctuations in the exchange rates between these currencies and the base currency and changes in exchange rate controls may unfavourably affect the net asset value of the Sub-Fund/the class of shares and any dividends earned.

The Sub-Fund may engage in foreign currency transactions in order to hedge against currency exchange risk. However there is no guarantee that hedging or protection will be achieved. Hedging may also limit the Sub-Fund from benefiting from the performance of a Sub-Fund's securities if the currency of denomination of the Sub-Fund's securities rises against the Base Currency (or reference currency of the relevant class).

RMB Risk

RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk (including currency conversion costs that may decrease the value of their investment) and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the CNY exchange rate and there may be significant bid and offer spreads. Fluctuations in these rates may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB to the Sub-Fund may be delayed due to the exchange controls and restrictions applicable to RMB.

PRC tax risk

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by a foreign investor on its investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Based on professional and independent tax advice, the Investment Manager will not make any tax provision for gross realised or unrealised capital gains derived from trading of A-Shares via Stock Connect.

Risks connected with the use of financial derivative instruments

Risks associated with financial derivative investments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

How has the Sub-Fund performed?

The Sub-Fund is newly set up and has been launched for less than one full calendar year. As such, there is insufficient data to provide a useful indication of past performance to investors.

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 shares of the Sub-Fund.

Fee	What you pay
Subscription fee:	Up to 5.00% of subscription amount
Switching fee: (Conversion commission)	N/A
Redemption fee: (Redemption commission)	N/A*

** If on any Valuation Day, the aggregate net investor(s) transactions in the Sub-Fund exceed 25% of the net assets of the Sub-Fund, a "dilution levy" of up to 1% of the applicable Net Asset Value per share may be charged when shares are redeemed.*

Ongoing fees payable by this Sub-Fund

The following expenses will be paid out of the Sub-Fund's assets. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % per annum of the Sub-Fund's net asset value)
Investment Management Fee:	Class RE Shares – 1.50%
Management fee:	Up to 0.05%, subject to a minimum quarterly fee of EUR 10,000.
Custody fee:	Between 0.018% to 0.522%
Depositary service fee:	Up to 0.015%, subject to a minimum annual fee of EUR 42,600
Administration fee:	Up to 0.05%, subject to a minimum annual fee of EUR 42,000
Performance fee:	N/A

The aforementioned fees and additional expenses are not an exhaustive list, for further details, please refer to the section headed "Charges and Expenses" and the relevant Sub-Fund Appendix under the heading "Fees and expenses" in the Prospectus.

Other Fees

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

Additional Information

- You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after the relevant authorized distributor or the Hong Kong Representative receives your request in good order by or before 5:00 pm (Hong Kong time) on a business day in Hong Kong. The relevant authorized distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the relevant authorized distributor(s) concerned.
- The net asset value of this Sub-Fund is calculated, and the price of the shares published, each business day (as more particularly defined and described in the offering document), the prices are available online at http://asset.pingan.com.hk*.

* *This website has not been reviewed by the SFC and may contain information on sub-funds which have not been authorised by the SFC and are not available to the retail public in Hong Kong.*

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.