

BOCHK INVESTMENT FUNDS

BOCHK CHINA EQUITY FUND

September 2022 Issue
(Data as of 31 August 2022)

Important Notes:

- Investment involves risks and the BOCHK China Equity Fund (the "Sub-Fund") may not be suitable for everyone. Past performance is not indicative of future performance. The Sub-Fund is subject to market and exchange rate fluctuations and to the risks inherent in all investments. Price of Units and the income (if any) generated from the Sub-Fund may go down as well as up. Investors could face no returns and/or suffer significant loss related to the investments. There is no guarantee in respect of repayment of principal.
- The key risks to which the Sub-Fund is subject to include: general investment risk, single country and concentration risk, emerging market/ PRC market risk, equity market risk, risk associated with high volatility of the equity market in Mainland China, risk associated with regulatory/ exchanges requirements/ policies of the equity market in Mainland China, risks associated with Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "Shanghai and Shenzhen Connect"), foreign exchange and RMB currency and conversion risks, risk of investing in ELLs, risks relating to investment in ETFs, PRC tax risk, cross-class liability risk, derivative instruments risk and potential conflicts of interest.
- Investing in emerging markets/ the PRC market, may involve increased risks and special considerations not typically associated with investment in more developed markets.
- The relevant rules and regulations on Shanghai and Shenzhen Connect are subject to change which may have potential retrospective effect. Each of Shanghai and Shenzhen Connect is subject to a set of Daily Quota, which does not belong to the Sub-Fund and can only be utilized on a first-come-first serve basis. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in A shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.
- As the Sub-Fund may invest in A Shares indirectly through ELLs, the Sub-Fund is exposed to the risks relating to investment in ELLs:
 - Credit risk: If any one of the ELLs issuers fails to perform its obligations under the ELLs, the Sub-Fund may suffer losses potentially equal to the full value of the instrument issued by the relevant issuer. Any such loss would result in the reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective.
 - Illiquidity risk: There may not be an active market for those ELLs which are not listed or quoted on a market. Even if the ELLs are quoted, there is no assurance that there will be an active market for them. Therefore investment in ELLs can be highly illiquid.
 - QI risk: The issuance of the ELLs depends on the ability of the QI to buy and sell A shares. Any restrictions or any change in the QI laws and regulations may adversely affect the issuance of ELLs and impair the ability of the Sub-Fund to achieve its investment objective.
- The Sub-Fund is subject to PRC tax risk. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Shanghai and Shenzhen Connect or ELLs on the Sub-Fund's investments in the PRC. Any future changes in the taxation policies in respect of QI's or the Sub-Fund's investment in A shares in the PRC will impact on the Sub-Fund's returns. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.
- Please refer to offering document of the Sub-Fund for further details including investment objectives and policies, charges and expenses, and risk factors (especially for the parts relating to Shanghai and Shenzhen Stock Connect, ELLs and QI), before making any investment decision.

CUMULATIVE PERFORMANCE [Gross Distribution Reinvested]

Sub-Fund — Class A	HKD Units	3 Months	Year to date	1 Year	3 Years	5 Years	Since Inception
	USD Units	-4.34%	-20.40%	-28.40%	-7.75%	-16.43%	485.61%
	USD Units	-4.38%	-20.93%	-29.05%	-7.91%	-16.67%	-18.77%
Reference Index ^A	HKD Units	-2.82%	-18.33%	-26.58%	-3.62%	-8.37%	659.34%
	USD Units	-2.86%	-18.87%	-27.25%	-3.78%	-8.63%	-4.68%

CALENDAR YEAR PERFORMANCE

	Sub-Fund — Class A		Reference Index ^A	
	HKD Units	USD Units	HKD Units	USD Units
2017	44.90%	43.72%	55.34%	54.07%
2018	-20.06%	-20.19%	-18.75%	-18.88%
2019	21.01%	21.60%	22.87%	23.46%
2020	26.38%	27.00%	28.86%	29.49%
2021	-19.53%	-19.97%	-19.70%	-20.14%

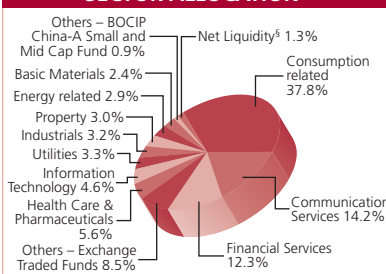
TOP 10 HOLDINGS

1	CHINAAMC ETF SERIES-CH-HKD	8.5%
2	ALIBABA GROUP HOLDING LTD	8.2%
3	TENCENT HOLDINGS LTD	7.9%
4	MEITUAN-W-CLASS B	5.1%
5	JD.COM INC-CL A	4.2%
6	CHINA CONSTRUCTION BANK-H	3.0%
7	BYD CO LTD-H	2.8%
8	PING AN INSURANCE GROUP CO-H	2.1%
9	BAIDU INC-CLASS A	2.0%
10	NETEASE INC	1.9%

FUND DATA (Class A)

Investment Manager	Alan CHAN & Team
Fund Size (Million)	HKD 3,435.41
Inception Date	Class A – HKD Units 25 October 2002 Class A – USD Units 4 May 2015
Base Currency	HKD
Currency Class	HKD / USD
Management Fee (p.a.)	1.5%
Initial Charge	5%
Switching Fee	Class A – HKD Units 1% ^A or Nil ^{AA} Class A – USD Units 1% ^A or Nil ^{AA}
NAV per unit	HKD 58.5606
12 Months NAV ^{††}	Highest: HKD 80.5686 Lowest: HKD 58.5606 USD 7.4610 USD 10.3571 USD 7.4610
Morningstar Overall Rating ^{TM†}	Class A – HKD Units ★★ Class A – USD Units ★★
Risk Level [•]	High
Standard Deviation	Class A – HKD Units 18.83% Class A – USD Units 18.92%
Beta	Class A – HKD Units 1.01 Class A – USD Units 1.01
Bloomberg Tickers	Class A – HKD Units BOCHEQ HK EQUITY Class A – USD Units BOCHEU HK EQUITY
ISIN Codes	Class A – HKD Units HK0000039716 Class A – USD Units HK0000250867

SECTOR ALLOCATION^{**}



INVESTMENT OBJECTIVES AND POLICIES

The BOCHK China Equity Fund aims to provide investors with long-term capital growth through investment mainly (i.e. at least 70% of its non-cash assets) in the listed equities and equity related securities (including warrants and convertible securities) of companies whose activities are closely related to the economic development and growth of the economy of the People's Republic of China ("PRC"). The Sub-Fund will mainly invest in Hong Kong-listed stocks, H shares, shares of red-chip companies (directly and/or indirectly through investments in SFC authorised collective investment schemes ("CISs") (including CISs managed by the Manager) and/or exchange traded funds ("ETFs") listed on the Stock Exchange of Hong Kong Limited ("SEHK") (including ETFs managed by the Manager). The Sub-Fund may also invest (a) up to 20% of its Net Asset Value in A shares (i) directly through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect; and/or (ii) indirectly through investment in equity linked instruments ("ELIs") (which may take the form of notes, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/Qualified Investors or QI ("QI") status in the PRC, ETFs listed on the SEHK (including ETFs managed by the Manager) and/or SFC authorised CISs (including CISs managed by the Manager); and/or (b) up to 15% of its Net Asset Value in B shares listed on the stock exchanges in Mainland China. The aggregate exposure to the A shares and B shares market will not exceed 20% of the Sub-Fund's Net Asset Value. The Sub-Fund may also invest in other PRC-related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economic growth or development of the PRC. These securities may be listed on various stock exchanges including but not limited to stock exchanges in the United States, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

MANAGER'S COMMENT^{##}

- In August, China equities further declined with depreciating RMB (down around 2% against USD MoM) on the back of growth outlook concerns, PBOC unexpected rates cut and stronger US dollar post Jackson Hole. Offshore equity indices narrowed their losses towards month end thanks to an agreement to allow PCAOB access to Chinese ADRs' audit papers and better than expected earnings releases from some large cap companies.
- July macro activity data broadly missed expectations, which points to a still bumpy path to recovery given an unfolding housing downturn and lingering Covid restrictions. Broad credit growth in July unexpectedly slipped to 10.8% YoY (vs. 10.9% in June) amid continued housing weakness after a transitory improvement in June. PBOC cut 1 year /5 year Loan Prime Rates by 5bps/15bps, effectively lowering mortgage rates.
- Premier Li announced new economic support measures with a greater sense of urgency in implementation. In August, NBS manufacturing PMI rose 40bps to 49.4 on improved new orders, while non-manufacturing PMI slipped by 1.2ppt to 52.6 due to Covid and weather disruptions weighing on services and construction.
- In August, mainland benchmark indices including Shanghai Composite, Shenzhen Composite and CSI 300 declined about -1.6%, -3.9%, and -2.2% respectively. Meanwhile, Hang Seng China Enterprise Index and Tech Index declined by -0.3% and -1.3%. Sector wise, Energy, Communication Services and Consumer Discretionary outperformed while Materials, Information Technology and Industrials underperformed.
- With regard to the Sub-Fund, sector exposures in Utilities and Energy related were the prime relative performance contributors in August, while sector exposures in Consumption related and Communication Services were the major performance detractors of the month.

The value of the investment products managed by BOCI-Prudential Asset Management Limited represents 0.9% of the Sub-Fund's fund size.

Fund performance is calculated in the base currency of the Sub-Fund or the denominated currency of the relevant class of Units on a NAV-to-NAV basis with gross distribution reinvested.

[†] Data Source – © 2022 Morningstar, Inc. All Rights Reserved.

[^] Starting from 1 January 2021, the reference index of the Sub-Fund has changed to "MSCI China 10/40 Index", and for the purpose of performance comparison with the Sub-Fund's Class A – HKD Units and Class A – USD Units, "MSCI China 10/40 Net Total Return HKD Index" and "MSCI China 10/40 Net Total Return USD Index" are respectively used for index performance calculation. From 1 January 2007 to 31 December 2020, "MSCI Daily TR Net Emerging Markets China" was used as the reference index of the Sub-Fund. Prior to 1 January 2007, "MSCI China Free Index" was used as the reference index of the Sub-Fund.

[♦] The Sub-Fund is approved as "Eligible Collective Investment Scheme" under "Capital Investment Entrant Scheme" ("CIES") of Hong Kong Special Administrative Region ("HKSAR"). The HKSAR Government has announced that the CIES has been suspended with effect from 15 January 2015 until further notice. The Immigration Department of HKSAR ("Immigration Department") will continue to process applications received on or before 14 January 2015, whether already approved (including approval-in-principle and formal approval) or still being processed. For further details and the related Frequently Asked Questions, please visit the website of the Immigration Department at http://www.immd.gov.hk/eng/services/visas/capital_investment_entrant_scheme.html.

^{**} With effect from 17 December 2018, sector classification methodology for the Sub-Fund has been updated slightly. Accordingly, the sector allocation has been restructured and the sector named "Telecom" has been replaced by "Communication Services".

[§] "Net Liquidity" was formerly named as "Cash & Deposit".

^{##} The manager's comment above solely reflects the opinion, view and interpretation of the fund managers as of the date of issuance of this document. Investors should not solely rely on such information to make any investment decision.

[♦] Risk levels are categorized into low, low to medium, medium, medium to high and high. The risk levels are determined by BOCI-Prudential Asset Management Limited based on the investment mix of each Sub-Fund and/or its underlying investments, and represent only the views of BOCI-Prudential Asset Management Limited in respect of the relevant Sub-Fund. Such risk levels are for reference only and should not be regarded as investment advice. You should not rely on the risk levels only when making any investment decision. The risk level is determined based on data as at 31 December 2021 and will be reviewed and (if appropriate) updated at least annually without prior notice, taking into account the prevailing market circumstances. If you are in doubt about the information of risk level, you should seek independent financial and professional advice.

^{††} 12 Months Highest / Lowest NAV per Unit was calculated by reference to the NAV per Unit on each month's last dealing day.

[▲] For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum).

^{▲▲} For switching into Units of a Money Market Sub-Fund.

Investors should note that Bank of China (Hong Kong) Limited is not the Manager of the Sub-Fund and will only act as the Sponsor and Distributor whilst BOCI-Prudential Asset Management Limited is the Manager. The data for "Standard Deviation", "Beta" and "Morningstar Overall Rating™" will not be shown for the Sub-Fund or the relevant class of the Units of the Sub-Fund with less than 3-year history. "Standard Deviation", a risk measurement, is based on the monthly return of the Sub-Fund or the relevant class of Units of the Sub-Fund over the past 3 years in the base currency of the Sub-Fund or the denominated currency of the relevant class of Units of the Sub-Fund. "Beta" measures the sensitivity of the return of the Sub-Fund or the relevant class of Units of the Sub-Fund to the changes in its reference index. This document is issued by BOCI-Prudential Asset Management Limited and has not been reviewed by the SFC.