

BOCHK INVESTMENT FUNDS

BOCHK HONG KONG EQUITY FUND[⚡]

March 2021 Issue
(Data as of 26 February 2021)

Important Notes:

- Investment involves risks and BOCHK Hong Kong 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, equity market risk, concentration risk, foreign exchange and RMB currency and conversion risks, derivative instruments risk and cross-class liability risk.
- Please refer to the offering document of the Sub-Fund for further details including investment objectives and policies, charges and expenses, and risk factors, 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
	RMB Units	10.23%	6.18%	17.58%	3.52%	75.08%	419.56%
Hang Seng Total Return Index [^]	HKD Units	8.49%	5.85%	9.50%	6.91%	73.56%	35.16%
	RMB Units	10.03%	6.42%	14.13%	3.86%	81.25%	420.05%
	RMB Units	8.29%	6.10%	6.28%	7.26%	79.70%	40.99%

CALENDAR YEAR PERFORMANCE

	Sub-Fund — Class A		Hang Seng Total Return Index [^]	
	HKD Units	RMB Units ⁽¹⁾	HKD Units	RMB Units ⁽¹⁾
2016	1.37%	7.48%	4.30%	10.57%
2017	39.91%	29.68%	41.29%	30.99%
2018	-12.55%	-7.89%	-10.54%	-5.77%
2019	12.62%	14.72%	13.04%	15.15%
2020	2.67%	-3.76%	-0.29%	-6.54%

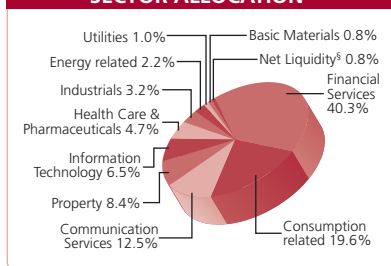
TOP 10 HOLDINGS

1	AIA GROUP LTD	9.3%
2	TENCENT HOLDINGS LTD	9.1%
3	HSBC HOLDINGS PLC	7.1%
4	MEITUAN-W-CLASS B	5.8%
5	CHINA CONSTRUCTION BANK-H	5.7%
6	HONG KONG EXCHANGES & CLEAR	5.1%
7	PING AN INSURANCE GROUP CO-H	5.0%
8	ALIBABA GROUP HOLDING LTD	4.8%
9	XIAOMI CORP-CLASS B	3.5%
10	IND & COMM BK OF CHINA-H	3.0%

FUND DATA (Class A)

Investment Manager	Mandy TONG & Team	
Fund Size (Million)	HKD 1,851.00	
Inception Date	Class A – HKD Units	Class A – RMB Units
	12 July 2002	29 June 2015
Base Currency	HKD	
Currency Class	HKD / RMB	
Management Fee (p.a.)	1%	
Initial Charge	5%	
Switching Fee	Class A – HKD Units	Class A – RMB Units
	1% or Nil ^{▲▲}	1% or Nil ^{▲▲}
NAV per unit	HKD 51.9559	RMB 43.3996
12 Months NAV ^{††}	Highest: HKD 51.9559	RMB 43.3996
	Lowest: HKD 39.3291	RMB 36.3516
Morningstar Overall Rating ^{™††}	Class A – HKD Units ★★	Class A – RMB Units –
Risk Level [*]	High	
Standard Deviation	Class A – HKD Units	Class A – RMB Units
	18.00%	15.06%
Beta	Class A – HKD Units	Class A – RMB Units
	1.02	1.01
Bloomberg Tickers	Class A – HKD Units	BOCHKEA HK EQUITY
	Class A – RMB Units	BOCHKYA HK EQUITY
ISIN Codes	Class A – HKD Units	HK0000039799
	Class A – RMB Units	HK0000257672

SECTOR ALLOCATION^{**}



INVESTMENT OBJECTIVES AND POLICIES

The BOCHK Hong Kong Equity Fund seeks to achieve long-term capital growth through investment mainly (at least 70% of its non-cash assets) in the listed equities and equity related securities (including warrants and convertible securities) of companies operating principally in Hong Kong, or linked either directly or indirectly to the Hong Kong economy. The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

MANAGER'S COMMENT^{##}

On Market

The Hong Kong government released the budget for FY21/22. The fiscal deficit has reached a record high due to the counter-cyclical measures and several rounds of anti-epidemic funds being carried out since the COVID-19 outbreak. Meanwhile, the government has announced a series of relief measures to continue support the household and corporate sectors. These include: distributing electronic consumption coupons for each eligible person; reduce salaries tax; provide rate concession for domestic properties and grant electricity subsidy; and set up a special loan guarantee scheme for unemployed individuals. As a result, fiscal reserves are expected to drift lower in the coming year. We believe the continued fiscal relief packages, together with the recovery in the global economy especially from the US, should provide some support to Hong Kong domestic outlook.

The market has a strong start in February amid improving global growth prospects, increasing optimism about reopening of the economies, additional US fiscal stimulus and robust Southbound funds inflows in favor of industry leaders and cyclical value plays. However, expectations of faster growth and higher inflation prompted a fast increase in US bond yield and triggered a strong sell off across global equity markets towards the end of the month. Overall, the Hang Seng Index recorded a positive gain. Property was the best performer in light of a faster recovery in domestic activities and tourism amid the vaccine rollout. The strong performance was seen across landlords and developers. The banking sector was the next best, as banks benefit from the steepening yield curve, while diversified financials fell after government announced an increase in trading stamp duty. The Commerce and Industrial sub-index was the only loser, as sharp correction of internet names outstripped gains from Macau gaming plays.

On Portfolio

The Sub-Fund registered a positive return but underperformed the reference index. Underweight Financial Services, Energy related, Utilities and overweight Information Technology were the cause. Near term, we expect the market to trade within a wider range, pending outlook statement from corporate reporting, China's NPC meeting and progress on COVID vaccination. Recent decision to in phases broaden the Hang Seng Index constituent mix both in breadth and depth should be positive to investment sentiment. Hence, we would continue to overweight our China exposure, with preference for companies that are well positioned to benefit from the 5G era, continuous upgrade in consumption and business efficiencies.

The value of the investment products managed by BOCI-Prudential Asset Management Limited represents 0.0% 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.

⁽¹⁾ The calendar year performances for 2015 of Class A – RMB Units refers to the period since inception (29 June 2015) to end-2015.

[^] © 2021 Hang Seng Indexes Company Limited. All Rights Reserved. The Hang Seng Total Return Index is denominated in HKD. For the purpose of performance comparison with the Sub-Fund's Class A – RMB Units, index performance is also presented in CNH and calculated by referring to the foreign exchange rates for HKD/CNH quoted by WM/Reuters at 4:00 p.m. GMT on the corresponding dealing dates.

[†] Data Source – © 2021 Morningstar, Inc. All Rights Reserved.

[⚡] 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 2020 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.

^{▲▲} 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.

Fund Manager & Factsheets Issuer: BOCI-Prudential Asset Management Limited