

BOCHK INVESTMENT FUNDS

BOCHK HONG KONG EQUITY FUND[†]

September 2019 Issue
(Data as of 30 August 2019)

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	-2.64%	2.04%	-5.57%	19.39%	18.12%	331.83%
	HKD Units	0.57%	6.22%	-0.91%	26.40%	—	22.84%
Hang Seng Total Return Index [^]	RMB Units	-3.09%	2.41%	-4.44%	24.84%	24.61%	343.97%
	RMB Units	0.10%	6.60%	0.28%	32.16%	—	31.62%

CALENDAR YEAR PERFORMANCE

CALENDAR YEAR PERFORMANCE				
	Sub-Fund — Class A		Hang Seng Total Return Index ^A	
	HKD Units	RMB Units ⁽¹⁾	HKD Units	RMB Units ⁽¹⁾
2014	3.01%	N/A	5.48%	N/A
2015	-3.86%	-9.92%	-3.92%	-9.53%
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%

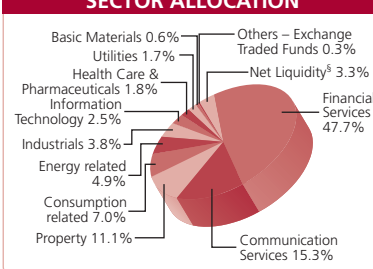
TOP 10 HOLDINGS

1	AIA GROUP LTD	9.9%
2	TENCENT HOLDINGS LTD	9.5%
3	HSBC HOLDINGS PLC	8.8%
4	CHINA CONSTRUCTION BANK-H	7.3%
5	PING AN INSURANCE GROUP CO-H	5.9%
6	CHINA MOBILE LTD	5.0%
7	IND & COMM BK OF CHINA-H	4.3%
8	HONG KONG EXCHANGES & CLEAR	3.5%
9	BANK OF CHINA LTD-H	2.7%
10	CNOOC LTD	2.3%

FUND DATA (Class A)

Investment Manager	Mandy TONG & Team
Fund Size (Million)	HKD 2,039.16
Inception Date	Class A – HKD Units 12 July 2002
	Class A – RMB Units 29 June 2015
Base Currency	HKD
Currency Class	HKD / RMB
Management Fee (p.a.)	1%
Initial Charge	5%
Switching Fee	Class A – HKD Units 1%▲ or Nil▲▲
	Class A – RMB Units 1%▲ or Nil▲▲
NAV per unit	HKD 43.1826
12 Months NAV ^{††}	Highest: HKD 48.8041
	Lowest: HKD 40.9998
Morningstar Overall Rating ^{TM†}	Class A – HKD Units ★★
Risk Level [*]	High
Standard Deviation	Class A – HKD Units 15.95%
	Class A – RMB Units 12.52%
Beta	Class A – HKD Units 1.02
	Class A – RMB Units 1.02
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

Hong Kong's second quarter GDP growth came in lower than market expectation. Investment remained the major drag, while private consumption also contracted. The government announced a relief package and pledged to accelerate the implementation in order to cushion the economy. While impact from the relief package would likely be felt in the fourth quarter of 2019 and provide some support to consumption towards year end, part of this would be mitigated by external headwinds and domestic political uncertainties.

The Hang Seng Index continued its downward trajectory in August. Negative impact from the prolonged social turmoil has been reflected in the latest retail and tourism data. Despite the market decline, the Commerce and Industrial sub-index was the best performer because of strong earnings by Chinese pharmaceutical names and a technology play. Comparatively speaking, Finance was the second best, as earnings of China banks were in line while those of insurance companies were strong. Property was weaker, mainly being dragged by landlord plays on concern over retail and office rental pressure, while sentiment turned cautious towards developers. Despite the preference for defensiveness, utilities fared the worst on the back of disappointed interim earnings.

On Portfolio

The Sub-Fund registered a decline but outperformed the reference index, coming mainly from underweight Hong Kong Utilities names, Energy related and Industrials. Absence of near term breakthrough in Sino-US trade tension, Hong Kong's social unrest and dwindling economic strength remain major overhang. Despite government's plan to introduce measures to cultivate a better business operating environment, we do not believe this could easily be achieved, probably till after dismantling the current political deadlock. Accordingly, we would adhere to our market neutral strategy, and capitalize on major market weakness to lift our exposure in market leaders who are strategically positioned to capitalize on China's medium term growth.

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.

[^] © 2019 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 daily closing mid spot rates reported by FactSet at 4:00 p.m. GMT on the corresponding dealing dates.

[†] Data Source – © 2019 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 2018 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 RatingTM" 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