

31 December 2020

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

| | |
|--------------------------------------|--|
| Fund Manager: | BOCI-Prudential Asset Management Limited (the “Manager”) |
| Trustee and Registrar: | BOCI-Prudential Trustee Limited |
| Ongoing charges over a year#: | 1.12% |
| Dealing frequency: | Daily (Hong Kong business days, other than Saturdays) |
| Base currency: | Hong Kong Dollars |
| Distribution policy: | The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund. |
| Financial year end: | 31 March |
| Minimum investment: | <p><i>Class A – HKD Units</i></p> <p>Initial : HK\$10,000 Addition : HK\$10,000</p> <p><i>Class A – RMB Units*</i></p> <p>Initial : the RMB equivalent amount of HK\$10,000 Addition : the RMB equivalent amount of HK\$10,000</p> |

The ongoing charges figure is based on expenses for the period ended 31 March 2020. This figure may vary from year to year. As of the date of this statement, Class A Units (including Class A – HKD Units and Class A – RMB Units) have the same fee structure and therefore a single ongoing charges figure can be calculated and published.

* Such Class A – RMB Units is only available to investors of Mainland China, and is not offered in Hong Kong.

What is this product?

BOCHK Hong Kong Equity Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

Objectives and Investment Strategy

The Sub-Fund is an equity fund which 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 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.

Cash and debt securities may be considered when appropriate.

The Sub-Fund will not be engaged in any securities lending activities.

Use of derivatives / investment in 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.

1. General investment risk

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 in respect of repayment of principal.

2. Equity market risk

The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

3. Concentration risk

- The Sub-Fund's investments mainly focus on Hong Kong. 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 Hong Kong market.

4. Foreign exchange and RMB currency and conversion risks

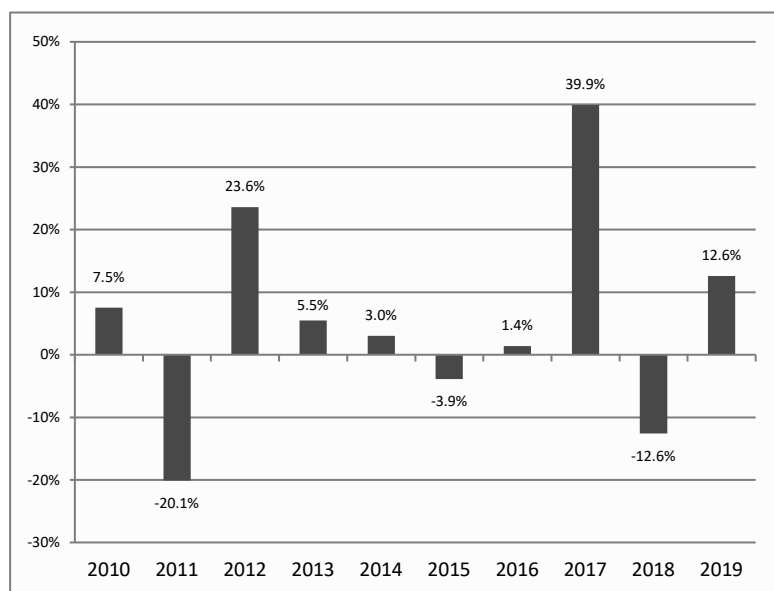
- Underlying investments of the Sub-Fund may be denominated in currencies (e.g. RMB (specifically offshore RMB (CNH) or onshore RMB (CNY))) other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk 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 the investors' investments in the Sub-Fund. Although CNH and CNY are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.
- The Sub-Fund may also be subject to bid/ offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.

5. Derivative instruments risk

The Sub-Fund may use derivatives as one of its investment strategies. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation, settlement and over-the-counter transaction risks. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or can result in a loss significantly greater than the amount invested in the derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

6. Cross-class liability risk

Although for the purposes of fund accounting, different fees and charges will be allocated to each class, there is no actual segregation of liabilities between different classes of Units. As such, in the event of insolvency or termination of the Sub-Fund, i.e. where the assets of the Sub-Fund are insufficient to meet its liabilities, all assets will be used to meet the Sub-Fund's liabilities, not just the amount standing to the credit of any individual class of Units.

How has the Sub-Fund performed?

- 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 distributions reinvested.
- Class A – HKD is selected as representative class because this class is mainly subscribed by Unitholders as at the date of this statement.
- These figures show by how much Class A – HKD Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding initial charge and redemption charge you might have to pay.
- Class A – HKD Units were launched in July 2002 and Class A – RMB Units were launched in June 2015.
- Only Class A Units (including Class A – HKD Units and Class A – RMB Units) are currently available.

Is there any guarantee?

The Sub-Fund does not provide 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 Class A Units of the Sub-Fund.

| Fee | What you pay |
|---|--|
| Initial charge | Up to 5% of the issue price |
| Switching fee <i>(as a % of the issue price of the New Class of Units to be issued)</i> | 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 : 1% For switching into Units of a Money Market Sub-Fund : Nil |
| Redemption charge | Nil |

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 Net Asset Value) |
|---------------------------|--|
| Management fee | 1% (current and maximum) |
| Trustee fee | 0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%* |
| Performance fee | Nil |
| Administration fee | Nil |

* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three (3) months' prior notice.

Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 55 to 61 of the Explanatory Memorandum.

Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website (www.boci-pru.com.hk) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.

- The Net Asset Value per Unit of each class of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- The past performance information of other classes of Units offered to Hong Kong investors is available on the Manager's website (www.boci-pru.com.hk).
- Other information of the Sub-Fund can also be found at the Manager's website (www.boci-pru.com.hk).
- Information contained in the website of the Manager 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.