NCB
China Equity Fund◈

2019
Sep Issue
(Data as of 30 Aug 2019)

Important Notes:

1. Investment involves risks and NCB 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.
2. The key risks to which the Sub-Fund is subject to include: general investment risk, concentration risk, emerging market/ the People's Republic of China ("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, the "Shanghai and Shenzhen Connect"), foreign exchange and RMB currency and conversion risks, risk of investing in equity linked instruments ("ELIs"), risks relating to investment in exchange traded funds ("ETFs"), PRC tax risk, derivative instruments risk, risk in relation to distribution and potential conflicts of interest.
3. Investing in emerging markets, such as the PRC, may involve increased risks and special considerations not typically associated with investment in more developed markets.
4. 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.
5. As the Sub-Fund may invest in A Shares indirectly through ELIs, the Sub-Fund is exposed to the risks relating to investment in ELIs:
(i) Credit risk: If any one of the ELIs issuers fails to perform its obligations under the ELIs, 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.
(ii) Illiquidity risk: There may not be an active market for those ELIs which are not listed or quoted on a market. Even if the ELIs are quoted, there is no assurance that there will be an active market for them. Therefore investment in ELIs can be highly illiquid.
(iii) Qualified foreign institutional investors ("QFII") risk: The issuance of the ELIs depends on the ability of the QFII to buy and sell A shares. The availability of QFII investment quota and any restrictions or any change in the QFII laws and regulations may adversely affect the issuance of ELIs and impair the ability of the Sub-Fund to achieve its investment objective.
6. 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 ELIs on the Sub-Fund's investments in the PRC. Any future changes in the taxation policies in respect of QFII'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.
7. The Manager will normally make distributions out of net income received or receivable by the Sub-Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, pay distributions out of its gross income while charging / paying all or part of the Sub-Fund's fees and expenses to / out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.
8. Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.
9. Please refer to the 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, ELIs and QFII), before making any investment decision.

INVESTMENT OBJECTIVES AND POLICIES

NCB China Equity Fund aims to provide investors with 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 whose activities are closely related to or benefit from the economic development and growth of economy of Mainland China and Hong Kong. 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 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 ELIs (which may take the form of notes, contracts or other structures) issued by institutions or their affiliates with QFII 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 instruments like ADRs (American depository receipts) and GDRs (global depository receipts) for securities listed on the stock exchanges in the United States, London or Singapore, etc. if such securities are issued by companies which are related to the economy of Mainland China and Hong Kong.

MANAGER'S COMMENT##

Amid the tariff truce in July, China's manufacturing PMI ticked up slightly to 49.7 from 49.4 in June. Exports growth beat expectation and reached 3.3%, versus -1.3% in June. Meanwhile, new loans slumped unexpectedly from RMB 1,660bln to 1,060bln, partly caused by the PBoC reducing liquidity in the banking system. However, the prevailing Sino-US trade dispute continued to cloud the prospect of China's economy. Industrial production growth dropped to a 17-year low, at 4.8%, from 6.3%. In August, the US Treasury labelled China a currency manipulator and the two nations announced a new round of tit-for-tat tariff hikes. The re-escalated trade conflict suppressed market sentiment again, but also led to higher expectation of new easing policies in China. 12-month onshore RMB forwards at end-August suggested the RMB to depreciate 0.3%, versus the 0.2% depreciation expectations at end-July.

A new 10% tariff on a further USD300 billion of Chinese imports and China Politburo's meeting officially refrained using the property market as a form of short-term stimulus, weighed on mainland equities during first half of August. Market sentiment gradually recovered after U.S. extended its Huawei-related exemptions for 90 days on Aug 19th, and seemingly strengthened despite China and U.S. exchanged another round of retaliation tariff on the Aug 23rd weekend. The relatively tech-savvy Shenzhen Composite and ChiNext Index eventually reversed their losses in early August and edged higher for three months in a row, while the large-cap dominant Shanghai Composite Index only drifted slightly lower by end-August. Meanwhile, Hang Seng H-share and Red-chip Index suffered more than their mainland peers in August, dragged by the prolonged social unrest and the increased off-shore RMB volatility during the month.

The Sub-Fund marginally outperformed the decline of reference index in August, as the Health Care & Pharmaceuticals, Industrials, and Energy related exposure collectively offset the negative impact of Consumption related exposure. In coming months, the Sub-Fund would maintain a watchful stance and focus on sectors with high beneficial likelihood from government stimulus and healthy financial strength, and would also closely monitor: (i) the impact of interest rate differential on RMB with reference to the latest trajectory of interest rate adjustment in US; (ii) China's latest economic releases; (iii) evolvement of the Sino-US relationship and related geo-political issues; (iv) potential changes of fund flows and/or stock preference corresponding to the Shanghai and Shenzhen-Hong Kong Stock Connect; and (v) the market impact of the separation negotiation between European Union and UK and the political development of major European Union member states.

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

Source: BOCI-Prudential Asset Management Limited

##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.

Fund performance is calculated in sub-fund's base currency on NAV-to-NAV basis with gross distribution reinvested.

Investors should note that Nanyang Commercial Bank, 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.

This document is issued by BOCI-Prudential Asset Management Limited and has not been reviewed by the SFC.

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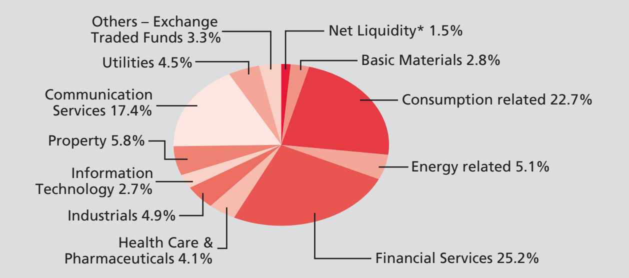
SECTOR ALLOCATION▼



TOP 10 HOLDINGS (Equity)

1	ALIBABA GROUP HOLDING-SP ADR	10.1%
2	TENCENT HOLDINGS LTD	9.1%
3	PING AN INSURANCE GROUP CO-H	4.9%
4	CHINA CONSTRUCTION BANK-H	4.5%
5	CHINAAMC CSI 300 IDX ETF-HKD	3.3%
6	CHINA MERCHANTS BANK-H	2.9%
7	CHINA MOBILE LTD	2.9%
8	IND & COMM BK OF CHINA-H	2.7%
9	CNOOC LTD	2.0%
10	BANK OF CHINA LTD-H	1.9%

FUND DATA (Class A)

Investment Manager	BOCI-Prudential Asset Management Limited
Fund Size *(Million)*	HKD96.31
Inception Date	27 June 2007
Base Currency	HKD
Management Fee *(p.a.)*	1.50%
Initial Charge	5%
Switching Fee	1%▲ or Nil▲▲
Distribution	Aim to make distributions quarterly^ (Distribution rate is not guaranteed; distributions may be paid out of capital. Please note points 7 & 8 of Important Notes)
Latest Distribution History^	Record Date: 30 June 2019 Distribution Per Unit : HKD0.1512
NAV per unit	HKD11.3838
12 Months NAV††	Highest: HKD12.8179 Lowest: HKD11.1166
Risk Level♦	High
Bloomberg Ticker	NCBCHNE HK EQUITY
ISIN Code	HK0000039989

CUMULATIVE PERFORMANCE IN HKD *[Gross distribution reinvested]*

	3 Months (%)	Year to date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
NCB China Equity Fund — Class A	1.71	6.33	-7.21	18.45	13.00	24.33

CALENDAR YEAR PERFORMANCE IN HKD

	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)
NCB China Equity Fund — Class A	5.24	-9.65	-0.77	46.61	-20.07

The value of the investment products managed by BOCI-Prudential Asset Management Limited represents 0.0% of the Sub-Fund's fund size.

$\diamond$ 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".

▲ For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund.

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

^ Before 1 November 2017, the Manager did not intend to make distributions for the Sub-Fund. With effect from 1 November 2017, the distribution policy of the Sub-Fund has been revised so that (i) the Manager may declare distributions for the Sub-Fund on a quarterly basis (subject to the Manager's discretion); and (ii) distributions will normally be paid out of net income and in the event that the net income is insufficient to pay the distributions, the Manager may determine in its absolute discretion that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, pay distributions out of their gross income while charging / paying all or part of the Sub-Fund's fees and expenses to/out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund, the frequency of distributions, the dates and the amount of distributions. The Manager also has the discretion to determine if and to what extent distributions will be paid out of capital of the Sub-Fund. Please refer to the "Notice to Unitholders" dated 29 September 2017 for details. Please also refer to the Manager's website for the composition of the latest distribution (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital). Information contained in the website of the Manager has not been reviewed by the SFC.

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

♦ 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.

* "Net Liquidity" was formerly named as "Cash & Deposit".