NCB
China Resources Opportunities Fund

2021
Mar Issue
(Data as of 26 Feb 2021)

Important Notes:

1. Investment involves risks and NCB China Resources Opportunities 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, emerging market/ the People's Republic of China ("PRC") market risk, industry or sector risk, single country and concentration 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 / the PRC market 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 Resources Opportunities Fund seeks to capture medium to long-term capital appreciation opportunities through investment in a diversified portfolio of resources and energy related investment instruments that are related to the economic growth or development of the PRC. The Sub-Fund will mainly (at least 70% of its non-cash assets) invest in equities or equity-related securities primarily traded on the various stock markets in Asia Pacific. The Sub-Fund will 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 the 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 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 China, January's manufacturing and non-manufacturing PMI retreated to 51.3 and 52.4 respectively, primarily because the government re-imposed lockdown measures, in response to a resurgence of COVID-19 cases. Railway transportation before the Chinese New Year (CNY) holiday slumped 68.8%, as many workers were to stay in their working locations. More factories decided to keep operating during the holiday this year, contributing to the strong credit demand from the manufacturing side. Decent mortgage growth also supported new loans to rise from RMB1,260bln in December to RMB3,580bln in January. Meanwhile, PPI turned positive for the first time in twelve months, mainly driven by the mining sector recovery. After the holiday, the PBoC unexpectedly withdrew liquidity, worrying the market that a new monetary tightening cycle has started. 12-month onshore RMB forwards suggested the RMB to depreciate 2.5% at end-February, as same as the expectations at end-January.

Major mainland equities indices retreated in February after a short-lived CNY rally. Most indices revived the deflated rally of January and refreshed their respective intra-month high again in early February, coincidentally with PBoC's renewed liquidity injection prior to the CNY market closure. Sporadic resurgence of COVID-19 cases and certain SOE solvency issues in China did not waver the festive mood, and the optimism of full-scale economic recovery boosted another rebound of lagging sectors like Energy and Basic Materials. However, concerns of pre-mature macro tightening emerged in China after the holiday, and the mainland rally finally derailed following the bond yields related turmoil in U.S. markets by end-February. The tech-savvy and start-up tilted Shenzhen Composite and ChiNext Index reversed all of their intra-month and January's gain after posting a -1.8% and -6.9% decline in February, while the large-cap dominant Shanghai Composite and CSI300 Index performed slightly better with a +0.8% gain and -0.3% decrease respectively. Hang Seng H-share and Red-chip Index outperformed most of their mainland peers with a +0.3% and +5.2% return in February, mainly led by the surge of several Communication Services, Energy, and Property related heavyweights.

The Sub-Fund registered a positive return in February, mainly led by the gain of Basic Materials and Energy related exposure. Given the gradual roll-out of various vaccination programs across the globe, global economic recovery and reflation expectations would remain under the investment community's limelight in coming months. With commodities prices such as metals, coals and oils would be the likely beneficiaries of a recovery, the Sub-Fund views that even if OPEC+ member states decide to increase their incoming stream by modestly raising the output target in early March meeting, the reviving global demand should render more enduring support to the crude prices and gradually overcome short-term price hiccups associated with any mild production increase. Accordingly, the Sub-Fund has added petrochemical and aluminum related names to maximize the portfolio's potential return. Also, the Sub-Fund still upholds a long-term positive view on China renewable energy sector, and has further increased weightings on electric vehicles battery related names as well as reloaded some solar related exposure after the sector's recent pull-back.

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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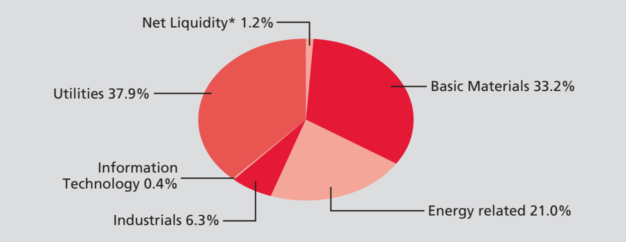
SECTOR ALLOCATION▼



TOP 10 HOLDINGS (Equity)

1	JIANGXI COPPER CO LTD-H	6.7%
2	ENN ENERGY HOLDINGS LTD	6.5%
3	CNOOC LTD	6.3%
4	KUNLUN ENERGY CO LTD	5.7%
5	GUANGDONG INVESTMENT LTD	4.4%
6	ALUMINUM CORP OF CHINA LTD-H	3.8%
7	CHINA NATIONAL BUILDING MA-H	3.8%
8	ANHUI CONCH CEMENT CO LTD-H	3.6%
9	CHINA EVERBRIGHT ENVIRONMENT	3.4%
10	CHINA RESOURCES CEMENT	3.2%

FUND DATA (Class A)

Investment Manager	BOCI-Prudential Asset Management Limited
Fund Size *(Million)*	HKD207.18
Inception Date	31 October 2007
Base Currency	HKD
Management Fee *(p.a.)*	1.75%
Initial Charge	5%
Switching Fee	1%▲ or Nil▲▲
Distribution	Aim to make distributions annually^ (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 September 2020 Distribution Per Unit: HKD0.1320
NAV per unit	HKD5.6452
12 Months NAV††	Highest: HKD5.6452 Lowest: HKD4.2783
Risk Level♦	High
Bloomberg Ticker	NCBCNRO HK EQUITY
ISIN Code	HK0000041209

CUMULATIVE PERFORMANCE IN HKD *[Gross distribution reinvested]*

	3 Months (%)	Year to date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception (%)
NCB China Resources Opportunities Fund — Class A	16.01	12.72	19.65	2.97	56.80	-38.09

CALENDAR YEAR PERFORMANCE IN HKD

	2016 (%)	2017 (%)	2018 (%)	2019 (%)	2020 (%)
NCB China Resources Opportunities Fund — Class A	4.17	23.13	-6.82	6.23	-4.68

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

◈ 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.

^ The Manager may declare distributions for the Sub-Fund on an annual basis (subject to the Manager's discretion). 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 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 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.

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