

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

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fund Manager:</b>                | BOCI-Prudential Asset Management Limited (the “Manager”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Trustee and Registrar:</b>       | BOCI-Prudential Trustee Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Ongoing charges over a year:</b> | <p><i>Class A – HKD Units, Class A – RMB Units and Class A – USD Units<sup>#*</sup>:</i></p> <p>1.94% of the Net Asset Value of such class of Units</p> <p><i>Class A – RMB Hedged Currency Class Units<sup>#</sup>:</i></p> <p>1.97% of the Net Asset Value of such class of Units</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Dealing frequency:</b>           | Daily (Hong Kong business days, other than Saturdays)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Base currency:</b>               | Hong Kong Dollars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Distribution policy:</b>         | <p>- The Manager intends to declare distributions on a quarterly basis and will declare an indicative per annum distribution rate for the relevant class of Units at the beginning of the calendar year. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month’s prior notice to Unitholders.</p> <p>- Distributions will normally be made out of net income received or receivable but the Manager may in its absolute discretion determine that distributions be paid out of the capital. 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 of the relevant class.</p> <p>- The Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.</p> |
| <b>Financial year end:</b>          | 31 December                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**Minimum investment:***Class A – HKD Units:*

Initial : HK\$10,000

Addition : HK\$10,000

*Class A – RMB Hedged Currency Class Units:*

Initial : the RMB equivalent amount of HK\$10,000

Addition : the RMB equivalent amount of HK\$10,000

*Class A – RMB Units:*

Initial : the RMB equivalent amount of HK\$10,000

Addition : the RMB equivalent amount of HK\$10,000

*Class A – USD Units:*

Initial : the USD equivalent amount of HK\$10,000

Addition : the USD equivalent amount of HK\$10,000

# The ongoing charges figure is based on expenses of such class of Units for the period ended 30 June 2022. This figure may vary from year to year.

\* Since Class A – HKD Units, Class A – RMB Units and Class A – USD Units have the same fee structure, a single ongoing charges figure can be calculated and published.

**What is this product?**

BOCIP China Value Fund (the “Sub-Fund”) is a sub-fund under the BOCIP Asset Management Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund seeks to achieve long term capital growth by investing primarily in securities issued by or linked to companies which activities and business are closely related to the economy of the People’s Republic of China (“PRC”).

The Manager will consider investment opportunities in all market capitalization ranges. The Manager would place particular emphasis on and will invest at least 70% of its non-cash assets in securities that are, in its opinion, with attractive values and investment in such securities will achieve the investment objectives of the Sub-Fund. Stock selection is based on “intrinsic valuation matrix” which seeks to identify companies with growth potentials, good fundamentals and/or attractive valuations. Fundamental factors may include business strategy, management strength and financial position.

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 exchange traded funds (“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<sup>1</sup>; and/or (ii) indirectly through investment in equity linked instruments (“ELIs”) (which may take the form of notes, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI<sup>2</sup> (“QI”) 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.

<sup>1</sup> Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are collectively referred to as “Shanghai and Shenzhen Connect”. Each of Shanghai and Shenzhen Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong.

<sup>2</sup> Under the prevailing rules and regulations in the PRC, Qualified Foreign Investors/ Qualified Investors or “QI” refers to foreign institutional investors who are approved as such, including Qualified Foreign Institutional Investors (“QFII”) or RMB Qualified Foreign Institutional Investors (RQFII) previously approved, by the China Securities Regulatory Commission (CSRC) to invest in the PRC securities and futures markets with funds raised overseas.

The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value. The aggregate exposure to the A shares and B shares market will not exceed 20% of the Sub-Fund's Net Asset Value.

Investors should take note that the Manager may change the above investment limit if it considers appropriate after taking into account the prevailing market conditions.

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 economy 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).

The Manager may also invest up to 30% of the Net Asset Value of the Sub-Fund, in convertible bonds, pre-IPO stocks of companies which are related to the economy of the PRC and may hold cash, deposits, certificates of deposit, treasury bills, debt securities or other instruments for the account of the Sub-Fund. The total aggregate of investment in securities neither listed, quoted nor dealt in on a market may not exceed 15% of its total net asset value. Market currently means any stock exchange, over-the-counter market or other organized securities market that is open to the international public and on which such securities are regularly traded.

The Manager currently does not intend to invest in futures contracts, options or forward currency transactions. However, the Manager reserves the power to employ a portion of the assets of the Sub-Fund in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and/or hedging and/or non-hedging purposes Provided That such investments shall comply with the investment restrictions set out in Chapter 7 of the Code on Unit Trusts and Mutual Funds. 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. Currency risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of Units may be designated in a currency 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.

**3. Value stock risk**

- Stock selection of the Sub-Fund is based on "intrinsic valuation matrix". Such value investing strategies involve the risk that the market will not recognize a security's intrinsic value for a long time or the expected value was misgauged.
- Price of the security may go down even though in theory the price is already undervalued. Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time or may never be realized.

**4. Emerging market / PRC market risk**

Investing in emerging markets / the PRC market may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

**5. Single country and concentration risk**

- The Sub-Fund mainly focuses on investment instruments that are closely related to the economy of the PRC. 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 the PRC market.

**6. Equity market risk**

The Sub-Fund's investment in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares 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.

**7. Risk associated with high volatility of the equity market in Mainland China**

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect the value of the Sub-Fund.

**8. Risk associated with regulatory/exchanges requirements/policies of the equity market in Mainland China**

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

**9. Risks relating to investment in ETFs**

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

**10. Investment in ELIs**

- *Credit risk:* The Sub-Fund is exposed to the credit risk of the issuers of the ELIs. 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 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.
- *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.
- *QI risk:* The Sub-Fund's exposure to the PRC market via ELIs depends on the ability of the QI to buy and sell A shares. Any restrictions or any change in the QI laws and regulations may adversely affect the issuance of ELIs and impair the ability of the Sub-Fund to achieve its investment objective.

**11. Risks associated with Shanghai and Shenzhen Connect**

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 served 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.

**12. PRC tax risk**

- Based on professional and independent tax advice, the Sub-Fund currently will not make the following tax provision (i.e. 10% withholding income tax provision on realised and/or unrealised capital gains from trading of A shares by a QI (or the then QFII) in relation to which the underlying A shares to which the relevant ELIs are linked or by the Sub-Fund in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect).

- 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 QI'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.

**13. Currency hedged class risk**

- There is no assurance that any currency hedging strategy employed by the Manager will effectively eliminate the currency exposure of the Sub-Fund and Unitholders of the Currency Hedged Class may be exposed to currency exchange risk for non-hedged classes.
- If the counterparties of the instruments used for hedging purposes default, Unitholders of the Currency Hedged Class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses. Where hedging is undertaken, it may preclude Unitholders in the Currency Hedged Class from benefiting from an increase in the value of the Sub-Fund's base currency.
- Any cost and expenses arising from such hedging transactions will be borne by the Currency Hedged Class, which may be significant depending on prevailing market conditions.

**14. RMB currency and conversion risks**

- 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 offshore RMB (CNH) and onshore RMB (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.

**15. Risk relating to those class(es) of units denominated in a currency other than the base currency**

The Sub-Fund will be exposed to foreign exchange risk because Units can be subscribed and redeemed in a currency other than in Hong Kong dollars which is the base currency of the Sub-Fund. The returns to investors for those class(es) of Units denominated in a currency other than the base currency may be different from the return calculated by reference to the base currency when converted back into the currency in which the investors subscribe and redeem due to fluctuations in the currency markets. The returns may go down and adversely impact the investors. The Sub-Fund will also be subject to bid/offer spread on currency conversion and transaction costs. Such foreign exchange risk may result in capital loss to the Sub-Fund and its investors.

**16. Risk in relation to distribution**

- The indicative per annum distribution rate for the relevant class of Units each year may vary and may go up and down. The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.
- The Manager may in its absolute discretion determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.
- Payment of distributions out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit of the relevant class.
- The distribution amount and Net Asset Value of the Class A – RMB Hedged Currency Class Units may be adversely affected by differences in the interest rates of the reference currency of the Class A – RMB Hedged Currency Class Units and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged classes of Units.

**17. Cross-class liability risk**

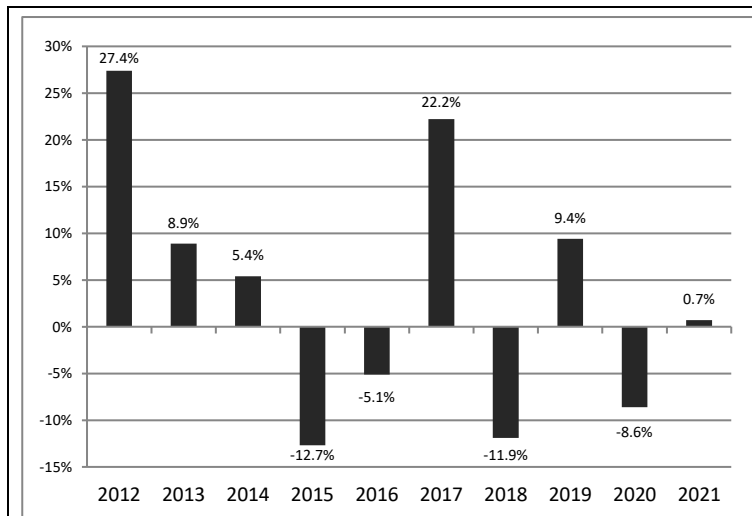
Although for the purposes of fund accounting, different fees and charges will be allocated to each class, there is no actual segregation of liabilities between different classes of Units. As such, in the event of insolvency or termination of the Sub-Fund, i.e. where the assets of the Sub-Fund are insufficient 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.

**18. Potential conflicts of interest**

- The Sub-Fund may invest in ETFs and/or CISs managed by the Manager and this may give rise to potential conflicts of interest.
- Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

**19. 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.

**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 Units are 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 2011. Class A - RMB Hedged Currency Class Units were launched in 2015. Class A - RMB Units were launched in 2016. Class A - USD Units were launched in 2022.
- Only Class A Units (including Class A - HKD Units, Class A - RMB Hedged Currency Class Units, Class A - RMB Units and Class A - USD 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.

| <b><i>Fee</i></b>                                                                                 | <b><i>What you pay</i></b>                                                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Initial charge</b>                                                                             | Up to 5% of the issue price of the relevant class of Units                                                                                                                                                                                                                                                                          |
| <b>Switching fee</b><br><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 (as defined in the Explanatory Memorandum) : 1%<br><br>For switching into Units of a Money Market Sub-Fund : Nil |
| <b>Redemption charge</b>                                                                          | 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.

|                           | <b><i>Annual rate (as a % of the Net Asset Value)</i></b>                                                                                                                                    |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Management fee</b>     | 1.8 %, up to a maximum of 2%*                                                                                                                                                                |
| <b>Trustee fee</b>        | 0.125% on the first HK\$200 million;<br>0.10% on the next HK\$200 million;<br>0.0875% on the remaining balance;<br>Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%* |
| <b>Performance fee</b>    | Nil                                                                                                                                                                                          |
| <b>Administration fee</b> | 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 "Fees and Expenses" on pages 13 to 15 of First Term Sheet and the section "Charges and Expenses" on pages 35 to 39 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](http://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 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](http://www.boci-pru.com.hk)).
- Information of the Sub-Fund including the compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website ([www.boci-pru.com.hk](http://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.