

PRODUCT KEY FACTS



New Capital Hong Kong Unit Trust Series - New Capital Digital Economy Fund

April 2019

EFG Asset Management (HK) Limited

- ***This statement provides you with key information about New Capital Digital Economy Fund (the “Sub-Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of New Capital Hong Kong Unit Trust Series.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager:	EFG Asset Management (HK) Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year*:	HKD Ord DistClass – 1.91% HKD Ord Acc Class – 1.91% USD Ord Dist Class – 1.91% USD Ord Acc Class – 1.91% RMB Hedged Ord Dist Class – 1.91%
Dealing frequency:	Daily, each day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business
Base currency:	USD
Dividend policy:	HKD Ord Dist Class, USD Ord Dist Class and RMB Hedged Ord Dist Class: Currently on a monthly basis, subject to the Manager's discretion. Distributions may, at the Manager's discretion, be paid out of the capital of the Sub-Fund, which will result in an immediate reduction of net asset value per unit. <u>HKD Ord Acc Class and USD Ord Acc Class</u> No distribution will be declared or distributed
Financial year end of the Sub-Fund:	30 June
Minimum investment:	HKD Ord Dist Class – HK\$50,000 initial, HK\$10,000 subsequent HKD Ord Acc Class – HK\$50,000 initial, HK\$10,000 subsequent USD Ord Dist Class – US\$5,000 initial, US\$1,000 subsequent USD Ord Acc Class – US\$5,000 initial, US\$1,000 subsequent RMB Hedged Ord Dist Class – RMB50,000 initial, RMB10,000 subsequent

**The ongoing charges figure is an annualized figure based on the ongoing expenses chargeable to the relevant unit class expressed as a percentage of the relevant unit class' average net asset value for the period from 1 July 2018 to 31 December 2018. These figures may vary from year to year.*

What is this product?

- New Capital Digital Economy Fund is a sub-fund of New Capital Hong Kong Unit Trust Series, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

Objective and Investment Policy

Objective

The Sub-Fund seeks to achieve long-term capital growth by investing primarily in equity securities issued by companies that can potentially benefit from the transformation or development of economy by digital technologies.

Policy

The Sub-Fund invests at least 70% of its net asset value in equity securities issued by companies operating in sectors relating to digital technologies including, but not limited to, information technology infrastructure, e-commerce, social media, application software and enabling technologies such as financial technology (FinTech), virtual reality, automation, artificial intelligence, wearable technology, cybersecurity or other new technologies available in the future.

In selecting the equity securities, the Manager will focus on those issued by companies that are part of the digital ecosystem in Mainland China, as well as those which continue to grow and spread beyond Mainland China to Asia ex-Japan region. Companies in Mainland China include those that are incorporated or if their principal offices or significant business activities are conducted in Mainland China. These companies may be listed in exchanges worldwide. The Manager will look for the growth potential and the intrinsic value of the relevant company. The Manager will use a top-down screening and bottom-up analysis to identify companies that are capable to achieve sustainable growth based on their fundamental characteristics, namely their business model and quality of corporate governance.

The equity securities invested by the Sub-Fund will include listed stocks, American depository receipts, global depository receipts, etc.

Under exceptional circumstances (such as a prolonged bearish market with market volatilities rising, deteriorating sentiments or rapidly worsening economic fundamentals) and at the Manager's discretion, the Sub-Fund may hold temporarily up to 100% of its net asset value in deposits and money market instruments (such as certificates of deposit and commercial paper).

The Sub-Fund may use derivatives (including options, warrants, and financial futures contracts) for hedging purposes only.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. 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 of the repayment of principal.

2. Risks associated with equities

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, issuer-specific factors and the business and social conditions in local and global marketplace.
- Securities exchanges 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.

Volatility risk

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

3. Risks of investing in companies relating to digital technologies

- Certain of the sectors relating to digital technologies are at a very early stage of development, and many of the companies in these sectors have a very short history. Rapid changes in technology could render obsolete the products and services offered by the companies in which the Sub-Fund invests, and may cause severe or complete declines in the prices of the securities of those companies. Investment in the digital technology sectors may present a greater risk and a higher volatility than investment in a broader range of securities covering different economic sectors, and the value of the Sub-Fund may be adversely affected.

4. Emerging market risk

- The Sub-Fund may invest in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

5. Concentration risk

- The Sub-Fund's investments are concentrated in companies operating in the digital technology sectors. 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 these sectors.

6. Currency and foreign exchange 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.

7. Risks relating to Renminbi ("RMB")

RMB currency and conversion risk

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Where the Sub-Fund invests in RMB denominated investments, the value of such investments may be affected favourably or unfavourably depending on the changes in exchange rate between RMB and the base currency of the Sub-Fund. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments in the Sub-Fund.
- 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 (e.g. HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. Any divergence between CNH and CNY may adversely impact the net asset value of the Sub-Fund and thus the investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

RMB class(es) related risk

- When calculating the value of the RMB denominated class(es), CNH will be used. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation.
- Non-RMB based (e.g. Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).
- Since the unit prices of RMB denominated class(es) are denominated in RMB, but the Sub-Fund will not be fully invested in RMB-denominated underlying investments and its base currency is USD, even if the prices of the non-RMB denominated underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the

non-RMB denominated underlying investments and/or the base currency more than the increase in the value of the non-RMB denominated underlying investments and/or the base currency. Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency of the Sub-Fund (i.e. USD), and the value of the non-RMB denominated underlying investments and/or the base currency of the Sub-Fund decreased, the value of investors' investments in RMB denominated class(es) may suffer additional losses.

- For the RMB hedged class(es), the Manager may attempt to hedge the currency exchange risk of RMB against the base currency of the Sub-Fund and/or other currency(ies) of non-RMB-denominated underlying investments of the Sub-Fund. The costs of the hedging transactions will be reflected in the net asset value of the units of the RMB hedged class(es) and therefore, investors of the RMB hedged class(es) will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the RMB hedged class(es) may be exposed to RMB currency exchange risk on an unhedged basis and may therefore suffer further losses. There is no guarantee that the hedging strategy will be effective.

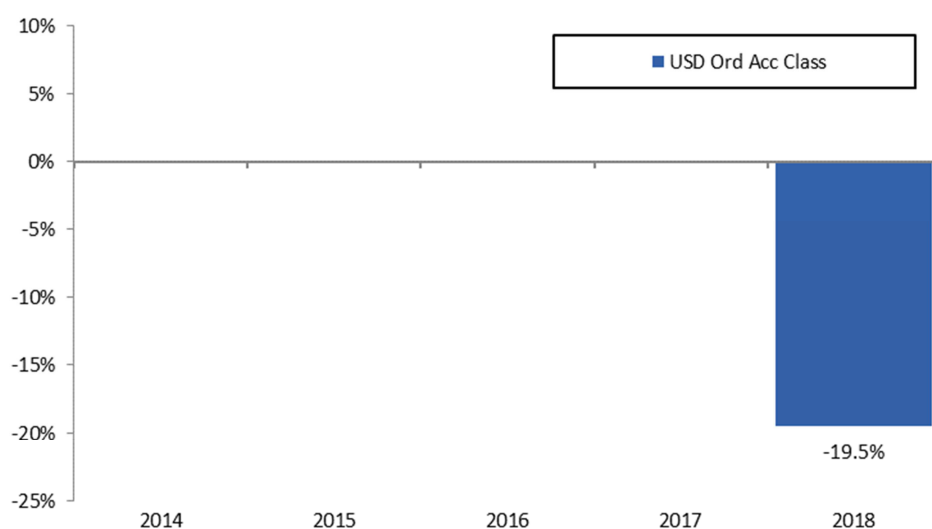
8. Hedging risk

- The Sub-Fund may use derivatives to hedge against risks. Hedging effect may be affected by the Manager's expertise and unanticipated changes currency, interest rates and market circumstances. The Sub-Fund may also not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. If hedging is inefficient or ineffective, the Sub-Fund's net asset value may be affected.

9. Risks associated with distribution out of the Sub-Fund's capital

- Payment of dividends 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. The distribution amount and net asset value of the hedged unit class may be adversely affected by differences in the interest rates of the class currency of the hedged unit class 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 unit classes.

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 dividends reinvested.

- These figures show by how much USD Ord Acc Class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 4 December 2017
- Representative class: USD Ord Acc Class (selected as it represents the largest group of unitholdings of the Sub-Fund)
- USD Ord Acc Class launch date: 4 December 2017

Is there any guarantee?

This Sub-Fund does not have 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 units of the Sub-Fund.

Fee	What you pay
Subscription charge (% of the subscription amount)	Up to 5%
Redemption charge (% of the redemption amount)	Up to 3%
Switching fee (% of the total amount being converted)	Up to 2%

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 Sub-Fund's net asset value)

Management Fee [^]	Ord Classes: 1.5% p.a. (maximum level at 2% p.a.)
Trustee, Registrar and Administration Fee [^]	0.08% p.a., subject to a minimum monthly fee of US\$5,625 (maximum level at 1.5% p.a.)
Performance Fee	Not applicable

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

[^] The current annual rate may be increased up to the specified permitted maximum level as set out above and in the Explanatory Memorandum by giving not less than one month's prior notice to the investors.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value (NAV) after the authorised distributor or the Manager has received your request in good order on or before 5:00p.m. (Hong Kong time) being the dealing cut-off time. The authorised distributor may impose different dealing deadlines for receiving instructions for subscriptions, redemption or switching. Investor should pay

attention to the arrangements of the authorised distributor concerned.

- The net asset value of this Sub-Fund is calculated and the price of units published each “business day”. They are available online at the Manager’s website: www.newcapitalfunds.com. Please note that this website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.
- Compositions of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also at the Manager’s website: www.newcapitalfunds.com. Please note that this website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.
- Investors may obtain information on the past performance of the remaining unit classes offered from the Manager’s website: www.newcapitalfunds.com. Please note that this website has not been reviewed by the SFC and may contain information of funds not authorised 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.