中国平安资产管理（香港）
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

Product Key Facts

Ping An of China Asset Management Fund – China High Yield Private Strategy Bond Fund

October 2023

This is a Luxembourg fund authorized for public offering in Hong Kong pursuant to Luxembourg-Hong Kong Mutual Recognition of Funds arrangement.

- ***This statement provides you with key information about Ping An of China Asset Management Fund – China High Yield Private Strategy Bond Fund.***
- ***This statement is a part of the Hong Kong Offering Document.***
- ***You should not invest in this product based on this statement alone.***

Quick Facts

Management Company: Carne Global Fund Managers (Luxembourg) S.A.

Investment Manager: Ping An of China Asset Management (Hong Kong) Company Limited (external delegation, Hong Kong)

Depositary: HSBC Continental Europe, Luxembourg Branch

Dealing frequency: Daily (Business Day in Luxembourg and Hong Kong)

Base currency: USD

Reference Currency:

Class of Shares	Currencies
RE – USD – Unhedged (R) RE – USD – Unhedged (D)	USD
RE – HKD – Unhedged (R) RE – HKD – Unhedged (D)	HKD
RE – CNH – Unhedged (R) RE – CNH – Unhedged (D) RE – CNH – Hedged (R) RE – CNH – Hedged (D)	RMB

Ongoing charges over a year:

RE – USD – Unhedged (R)	2.46%[1]
RE – USD – Unhedged (D)	2.46%[2]
RE – HKD – Unhedged (R)	2.46%[1]
RE – HKD – Unhedged (D)	2.46%[2]
RE – CNH – Unhedged (R)	2.46%[1]
RE – CNH – Unhedged (D)	2.46%[1]
RE – CNH – Hedged (R)	2.46%[1]
RE – CNH – Hedged (D)	2.46%[1]

Dividend Policy:

Capital-accumulation (R)	Accumulating (no distribution of dividend, income (if any) will be reflected in the NAV and may be reinvested for the respective share classes)
Distribution (D)	Distributing (Dividends, if any, will be declared in June and/or December and distributed out of the net income of the Sub-Fund semi-annually). Dividends may, at the Company's discretion, be paid out of unrealised gains, thereby paying dividends effectively out of capital.

Dividends effectively paid out of capital of a Sub-Fund would amount to a return or withdrawal of part of the amount of an investor's original investment, or from any capital gains attributable to that original investment.

Financial year end of this Sub-Fund: 31 December

Minimum investment:

Class of Shares	Minimum Initial Investment Amount	Minimum Subsequent Investment Amount
Class RE Shares	USD10,000	USD10,000

[1] The figure for this unlaunched share class is estimated on the basis of the ongoing expenses of Class RE – USD – Unhedged (D). The actual figures may differ upon the launch of the share class and the figures may vary from year to year.
[2] The ongoing charges figure is based on actual expenses, excluding transactional costs, in audited financial statements, for the year ended 31 December 2022. This figure may vary from year to year.

What is this product?

The Ping An of China Asset Management Fund – China High Yield Private Strategy Bond Fund is a sub-fund of Ping An of China Asset Management Fund ("**Sub-Fund**"), a Luxembourg *société d'investissement à capital variable* (open-ended investment company with variable capital), established in the form of a *société anonyme* (public limited liability company). It is a UCITS fund and is domiciled in Luxembourg and its home regulator is the *Commission de Surveillance du Secteur Financier*.

Objective and Investment Strategy

Objective

The Sub-Fund aims to achieve absolute return from investment income and long term capital appreciation by primarily investing in high yield securities issued by or linked to sovereign, sovereign agencies and/or companies having their main operations in Greater China.

Strategy

The Sub-Fund will invest at least 60% of its net assets in debt securities (including, amongst others, bonds, convertible bonds, high yield corporate bonds, corporate debt and notes giving exposure to loans) issued by or linked to sovereign and/or sovereign agencies in Greater China or companies having their main operations in Greater China. The Sub-Fund may invest up to 100% of its net asset in debt securities that at the time of acquisition have a rating of BB+ or below (by Standard & Poor's or an equivalent international agency which shall not include Mainland Chinese credit agencies; and for the avoidance of doubt, if the ratings of the security from different rating agencies are different, the lowest rating will apply) or if unrated (i.e. no rating is available from either Standard & Poor's, Fitch or Moody's) or if the Investment Manager otherwise determines notwithstanding a credit rating of above BB+ (by Standard & Poor's or an equivalent agency), determined by the Investment Manager to be of comparable quality ("**Below Investment Grade**"). In making such determination and as part of its credit analysis, the Investment Manager also incorporates qualitative and quantitative assessments. The Sub-Fund may invest in securities issued via private placements as part of its primary investment strategy, as further set out below in the explanation of the "private strategy". The Sub-Fund may invest in debt securities on the China Interbank Bond Market (CIBM) via the Bond Connect. Such debt securities shall include urban investment bonds (城投債), which are debt instruments issued by local government financing vehicles ("**LGFVs**") and traded in the PRC exchange-traded bond markets and inter-bank bond market.

"Private strategy" refers to lending instruments, transferable securities, bonds which are issued via private placements by financial institutions and/or corporations to a select group of investors. However, these instruments are also tradeable and could be traded in the public and secondary markets by financial institutions and/or corporations over-the-counter. An example of such instrument is a convertible bond issued pursuant to Regulation S to accredited investors convertible into a Nasdaq listed ADR.

The Sub-Fund is expected to conduct securities lending, over-the-counter sale and repurchase and/or reverse repurchase transactions in aggregate of up to 30% of its net assets.

The Sub-Fund may invest below 20% of its net assets in fixed-income securities with loss absorption features including contingent convertible securities and senior non-preferred debt. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Subject to the investment strategy set out herein, the Sub-Fund may invest below 20% of its net asset value in asset-backed securities (including asset pools in credit card loans, auto loans and collateralised debt obligations) and mortgage-backed securities that at the time of purchase have a rating of BBB- or above by Standard & Poor's or an equivalent international agency which shall not include Mainland Chinese credit agencies ("**Investment Grade**"). The Sub-Fund may also invest below 20% of its net asset value in asset-backed securities and mortgage-backed securities that at the time of purchase have a rating of Below Investment Grade.

The Sub-Fund may invest up to 10% of its net assets in securities which are either in default or deemed to be at high risk of default as determined by the Investment Manager ("**Distressed Securities**").

While there is no restriction on the duration of the securities in which the Sub-Fund may invest (i.e. such that the Sub-Fund may be invested into perpetual securities), the duration of fixed-income securities in which the Sub-Fund may invest will generally be between 3 and 6 years.

During exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may hold all or a significant portion of its net assets in liquid assets, such as money market instruments and fixed deposits with a term to maturity not exceeding 12 months at credit institutions. There is no restriction concerning the currencies in which these liquid assets are denominated.

The Sub-Fund may use financial derivative instruments for investment, hedging and efficient portfolio management purposes

Use of 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.

Market risk

The Sub-Fund is an investment fund. 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 that investors will recoup the amount invested. In particular, the value of investments in securities may be affected by uncertainties such as international, political and economic and general financial market developments or changes in government policies, especially in countries where the investments are based.

Geographic concentration risk and risks associated with Mainland China

The Sub-Fund's investments are concentrated in Greater China. The value of the 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 Greater Chinese market.

The Sub-Fund's investments in Mainland China 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. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of Mainland China (including expropriation, nationalisation or other confiscation) could result in the loss to the Sub-Fund.

Investment in Mainland China remains sensitive to any major change in economic, social and political policy. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity.

Furthermore, the legal infrastructure and accounting, auditing and reporting standards in Mainland China may not provide the same degree of investor information or protection as would generally apply in more developed markets.

Risks associated with private strategy

The Sub-Fund may make investments in debt securities issued via private placements. Such transactions typically involve the purchase of securities directly from a publicly traded company or its affiliates in a private placement transaction, typically at a discount to the market price of the issuer's securities. Securities issued in this manner is often subject to transfer restrictions and is therefore less liquid than securities issued through a registered public offering. Under the terms of such transactions, the Sub-Fund may be subject to lock-up agreements that prohibit transfers for a fixed period of time. As such, securities issued via private placement are subject to the risk that the Sub-Fund cannot liquidate their positions even if the price of the security falls. Such securities may also be subject to higher volatility and bid/ask spreads that securities traded publicly.

Risks relating to investment in urban investment bonds *(城投債)*

Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the Mainland. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, a Sub-Fund investing in such instruments could suffer substantial loss and the Net Asset Value of such Sub-Fund could be adversely affected.

Below Investment Grade securities risk

The Sub-Fund may invest in Below Investment Grade debt securities. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risk associated with investments in the CIBM via the Bond Connect

Investing in the CIBM via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the CIBM via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected. There are also risks and uncertainties associated with the current Mainland Chinese tax laws, regulations and practice on the Sub-Fund's investments in the CIBM via Bond Connect.

Interest rate risk

The Sub-Fund's exposure to fixed income securities is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit and downgrading risk

The Sub-Fund's exposure to fixed income securities is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A security whose credit rating has been downgraded may also offset the security's liquidity, and the Sub-Fund may consequently not be able to dispose of such security, which may adversely affect the value of the Sub-Fund.

Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Volatility and liquidity risk

High yield bonds may be subject to higher volatility and lower liquidity. The prices of high yield bonds may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the fund may incur significant trading costs. Also, debt securities purchased through private placements may be subject to lower liquidity.

Sovereign debt risk

The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Valuation risk

Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.

Currency and currency hedging 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 shares may be designated in a currency other than the base currency of the Sub-Fund. Fluctuations in the exchange rates between these currencies and the base currency and changes in exchange rate controls may unfavourably affect the net asset value of the Sub-Fund/the class of shares and any dividends paid by the Sub-Fund.

The Sub-Fund may engage in foreign currency transactions in order to hedge against currency exchange risk. However there is no guarantee that hedging or protection will be achieved. Hedging may also limit the Sub-Fund from benefiting from the performance of a Sub-Fund's securities if the currency of denomination of the Sub-Fund's securities rises against the Base Currency (or reference currency of the relevant class).

RMB Risk

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 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 CNY exchange rate and there may be significant bid and offer spreads. Fluctuations in these rates may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB to the Sub-Fund may be delayed due to the exchange controls and restrictions applicable to RMB.

PRC tax risk

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by a foreign investor on its investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Based on professional and independent tax advice, the Investment Manager will not make any tax provision for gross realised or unrealised capital gains derived from trading of debt securities on the China Interbank Bond Market (CIBM) via the Bond Connect.

Risks associated with asset-backed securities and mortgage-backed securities

The Sub-Fund invests in Investment Grade and Below Investment Grade asset-backed securities and mortgage-backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Distressed Securities Risk

Investments in Distressed Securities may carry a significant risk of becoming illiquid and/or resulting in capital losses. Distressed Securities will only be purchased where the Investment Manager believes that the purchase price is lower than the securities' intrinsic fair value and/or that the securities will be restructured in a manner which would result in an appreciation of its value. It may take a significant amount of time for Distressed Securities to realise the Investment Manager's perceived fair value and/or for any restructure to occur which would be beneficial for the Sub-Fund. However, there can be no assurance that this will occur and the securities may become further distressed, resulting in a negative outcome for the Sub-Fund. In certain circumstances this may result in a full default with no recovery and the Sub-Fund losing its entire investment in the particular security/securities.

Risks relating to securities financing transactions

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

In the event of the failure of the counterparty to a sale and repurchase agreement with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

In the event of the failure of the counterparty to a reverse repurchase transaction with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Risks connected with the use of financial derivative instruments

Risks associated with financial derivative investments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

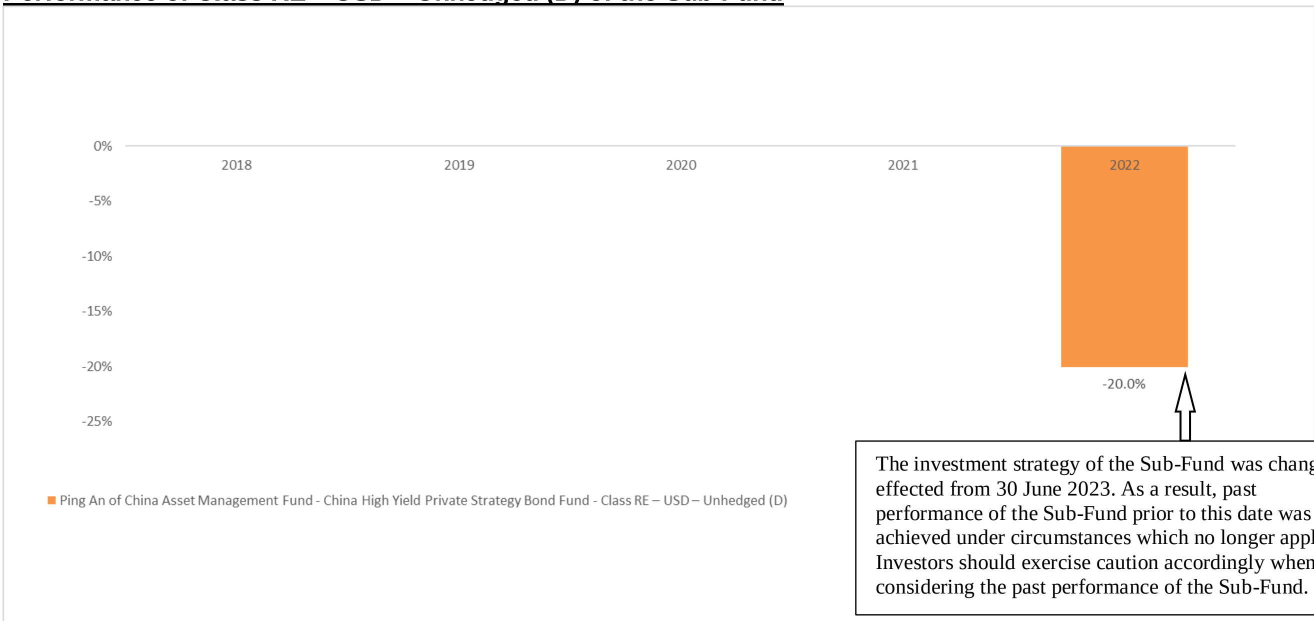
Risks associated with distribution effectively out of capital

Dividends effectively paid out of capital of the Sub-Fund would amount to a return or withdrawal of part of the amount of an investor's original investment, or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital may result in an immediate decrease in the Net Asset Value per Share.

The dividends and the Net Asset Value of hedged Share Classes may also be adversely affected by the differences in the interest rates of the reference currency of such Share Class and the Sub-Fund's base currency, resulting in an increase in the amount of dividends that is paid out of capital and hence a greater erosion of capital than other Share Classes.

How has the Sub-Fund performed?

<u>Performance of Class RE – USD – Unhedged (D) of the Sub-Fund</u>



The investment strategy of the Sub-Fund was changed effected from 30 June 2023. As a result, past performance of the Sub-Fund prior to this date was achieved under circumstances which no longer apply. Investors should exercise caution accordingly when considering the past performance of the Sub-Fund.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class RE – USD – Unhedged (D) 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.
- All performance information of the remaining share classes are presented on the Investment Manager's website at https://asset.pingan.com.hk/en/PACAMF-CHYPSBF#f2 . Investors should note that the aforesaid website has not been reviewed by the Securities and Futures Commission of Hong Kong (the "**SFC**").
- Sub-Fund launch date: 8 November 2019.
- Class RE – USD – Unhedged (D) launch date: 9 July 2021.
- Class RE – USD – Unhedged (D) is selected as the most appropriate representative share class as it is the focus share class available to retail investors in Hong Kong.

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?

<u>Charges which may be payable by you</u>

You may have to pay the following fees when dealing in the shares of the Sub-Fund.

<u>Fee</u>	**<u>What you pay</u>**
Subscription fee:	1.00% of the subscription amount
Switching fee: (Conversion commission)	0.20% of the switching amount
Redemption fee: (Redemption commission)	0.60%* of the redemption amount

** If on any Valuation Day, the aggregate net investor(s) transactions in the Sub-Fund exceed 25% of the net assets of the Sub-Fund, a "dilution levy" of up to 0.05% of the applicable Net Asset Value per share may be charged when shares are redeemed.*

Ongoing fees payable by this Sub-Fund

The following expenses will be paid out of the Sub-Fund's assets. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % per annum of the Sub-Fund's net asset value)
Investment Management Fee:	Class RE Shares – 2.00%
Management fee:	Up to 0.05%, subject to a minimum quarterly fee of EUR 10,000.
Custody fee:	Between 0.018% to 0.522%
Depositary service fee:	Up to 0.015%, subject to a minimum annual fee of EUR 42,600
Administration fee:	Up to 0.05%, subject to a minimum annual fee of EUR 42,000
Performance fee:	N/A

The aforementioned fees and additional expenses are not an exhaustive list, for further details, please refer to the section headed "Charges and Expenses" and the relevant Sub-Fund Appendix under the heading "Fees and expenses" in the Prospectus.

Other Fees

You may have to pay other fees and charges when dealing in the shares of the Sub-Fund.

Additional Information

- You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after the relevant authorized distributor or the Hong Kong Representative receives your request in good order by or before 5:00 pm (Hong Kong time) on a business day in Hong Kong. The relevant authorized distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the relevant authorized distributor(s) concerned.
- The net asset value of this Sub-Fund is calculated, and the price of the shares published, each business day (as more particularly defined and described in the offering document), the prices are available online at http://asset.pingan.com.hk*.
- The composition of dividends (i.e. the relative amounts paid out of net distributable income and capital) (if any) paid on Classes prefixed with (D) for the preceding 12 months (or if the Sub-Fund was launched less than 12 months ago, since its inception) is available from the Hong Kong Representative upon request as well as on the website http://asset.pingan.com.hk*.

* *This website has not been reviewed by the SFC and may contain information on sub-funds which have not been authorised by the SFC and are not available to the retail public in Hong Kong.*

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.