

PRODUCT KEY FACTS

**PING AN OF CHINA
SELECT INVESTMENT FUND SERIES**

PING AN STABLE FUND

April 2024

- *This statement provides you with key information about Ping An Stable Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Ping An of China Select Investment Fund Series.*
- *You should not invest in this product based on this statement alone.*

Quick facts

Manager:	Ping An of China Asset Management (Hong Kong) Co. Ltd.	
Trustee:	BOCI-Prudential Trustee Limited	
Custodian:	Bank of China (Hong Kong) Limited	
Dealing frequency:	Monthly, on the fifth Business Day [^] before month end in each month (the “Dealing Day”)	
Base currency:	US Dollars (“USD”)	
Dividend policy:	No distribution to Unitholders	
Ongoing charges over a Year^{^^}:	Class A: 1.71%	
Financial year end of this Sub-Fund:	30 June	
Minimum investment (initial / subsequent) / minimum holding (aggregate minimum value of Units held) / minimum redemption (aggregate minimum value of Units redeemed):	<u>Class</u>	
	Class A USD	USD 1
	Class A RMB (Hedged)	RMB 1
	Class A HKD (Hedged)	HKD 1
	Class A GBP (Hedged)	GBP 1

What is this product?

Ping An Stable Fund is a sub-fund of Ping An of China Select Investment Fund Series which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 11 April 2011. It is governed by the laws of Hong Kong.

[^] “Business Day” means a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days in relation to the Sub-Fund as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 (or higher) typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise.

^{^^} The ongoing charges figure for this class is an annualised figure based on actual expenses in the period from the launch of the relevant class of the Sub-Fund to 31 December 2023, excluding transactional costs and realised/unrealised exchange gain and losses for such period. It represents the sum of the ongoing expenses chargeable to the relevant class of the Sub-Fund for the above period expressed as a percentage of the average net asset value of the relevant class over the same period, annualised to give an ongoing charges figure over a year. The figures may vary from year to year.

Objectives and Investment Strategy

Objective

The Sub-Fund's objective is to provide stable income by mainly investing in money market instruments and debt securities.

Investment Strategy

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its net asset value ("NAV")) in a broad range of USD-denominated money market instruments and debt securities which are issued by governments, quasi-governments, international organisations, financial institutions and corporate issuers. The money market instruments and debt securities that the Sub-Fund invests in may include but are not limited to short-term deposits, government bills, time deposit, certificates of deposit, commercial papers, bankers' acceptances, bonds, notes and money market funds managed by a third party, the Manager, or its connected persons.

The Sub-Fund will not have limits on the weighted average maturity and weighted average life of the portfolio. The Sub-Fund will not have a limit on the remaining maturity of a single investment instrument.

The Sub-Fund will invest not less than 70% of its NAV in debt securities and money market instruments which (i) are rated investment grade or above or (ii) are issued or guaranteed by issuers or guarantors that are rated investment grade or above, by an independent rating agency, e.g. Fitch, Moody's and Standard and Poor's. For debt securities, they are considered investment grade if its short-term credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies, or its long-term credit rating is BBB- or above by Fitch Ratings or Standard & Poor's or Baa3 or above by Moody's or equivalent rating as rated by one of the international credit rating agencies. For onshore China bonds, an investment grade rating is a short-term credit rating of AAA or higher as rated by one of the credit rating agencies in China, or a long-term credit rating of AA+ or higher as rated by one of the credit rating agencies in China. Deposits (e.g. certificates of deposits) invested by the Sub-Fund will be issued by investment grade-rated banks or substantial financial institutions, as defined in the SFC's Code on Unit Trusts and Mutual Funds (the "Code").

The Sub-Fund will mainly invest in the Asia-Pacific region including Hong Kong, Singapore and Mainland China (onshore and offshore markets) but it may also invest in other regions including the European Union and the United States. There is no specific geographical allocation of the country of issue of the money market instruments or debt securities, or the location of banks in respect of bank deposits. The Sub-Fund will invest not more than 40% of its NAV in emerging markets (including Mainland China).

The Sub-Fund may invest up to 30% of its NAV in onshore China debt securities, such as government bonds, policy bank bonds and negotiable certificates of deposits, via the mutual bond market access between Hong Kong and Mainland China ("Bond Connect").

The Sub-Fund may invest up to 10% of its NAV in urban investment bonds (城投債). The Sub-Fund may invest up to 10% of its NAV in "Dim Sum" bonds. The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features.

Other investments

The Sub-Fund may invest in collective investment schemes managed by a third party, the Manager, or its connected persons. Not more than 30% of the Sub-Fund's NAV may in aggregate be invested in collective investment schemes which is either authorised by the SFC or are eligible schemes as defined in the Code, the Sub-Fund's investment in collective investment schemes which are non-eligible schemes and not authorised by the SFC may not in aggregate exceed 10% of its NAV.

The Sub-Fund may invest in financial derivative instruments ("FDIs") for hedging purpose only.

Up to 50% of the Sub-Fund's NAV may in aggregate be entered into securities lending, repurchase or reverse repurchase transactions and other similar over-the-counter transactions. The Sub-Fund may borrow up to 10% of its NAV for the purpose of facilitating the creation or redemption of Units or defraying operating expenses or enabling the Manager to acquire securities for the account of the Sub-Fund.

The Sub-Fund will be subject to the investment restrictions in Chapter 7 of the Code.

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

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. The Sub-Fund is not a bank deposit and there is no guarantee of the repayment of principal.

2. Concentration risk regarding investment in money market instruments and debt securities

- The Sub-Fund will invest primarily in money market instruments and debt securities. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

3. Risks associated with money market instruments and debt securities

- *Money market instruments risk*: The Sub-Fund will invest significantly in money market instruments, which are not risk-free. Investing in these money market instruments or in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. As the Sub-Fund invests significantly in money market instruments which typically have short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term instruments may also increase which in turn may have a negative impact on the NAV of the Sub-Fund.
- *Credit / Counterparty risk*: The Sub-Fund is exposed to the credit and default risk of issuers of the money market instruments and debt securities that the Sub-Fund may invest in.
- *Interest rate risk*: Investment in the Sub-Fund 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.
- *Credit rating and downgrading 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. The credit rating of a money market instrument or debt security or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The manager may or may not be able to dispose of the money market instruments or debt securities that are being downgraded.
- *Credit rating agency risk*: The credit appraisal system in mainland China and the rating methodologies employed in mainland China may be different from those employed in other markets. Credit ratings given by mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *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 NAV calculation of the Sub-Fund.
- *Volatility and liquidity risk*: The money market instruments and debt securities in the emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs and losses may be suffered.

4. Risks associated with bank deposits

- Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund may also place deposits in non-resident accounts (NRA) and offshore accounts (OSA) with banks in the People's Republic of China ("PRC"). The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

5. Risks associated with Bond Connect

- Investing in debt securities 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 via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on Bond Connect, the Sub-Fund's ability to invest via Bond Connect will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

6. PRC tax risks

- By investing in the PRC inter-bank bond market, the Sub-Fund may be at risk of being subject to PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. No PRC capital gains tax provision will be made regarding the investments in PRC debt securities by the Sub-Fund made via Bond Connect.

7. Risks relating to securities lending 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.

8. Risks relating to sale and repurchase agreements

- In the event of the failure of the counterparty 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.

9. Risks relating to reverse repurchase agreements

- In the event of the failure of the counterparty 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. The Sub-Fund may also be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral.

10. Risks of investing in other collective investment schemes

- The underlying funds in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

11. Risks relating to hedging and currency hedged classes

- The Sub-Fund may invest in derivatives for hedging purposes and in adverse situations its use of financial derivative instruments ("FDIs") may become ineffective and/or cause the Sub-Fund to suffer significant losses. Risks relating to hedging and currency hedged classes include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in such FDI by the Sub-Fund for hedging purpose. Such exposure may lead to a high risk of significant loss by the Sub-Fund.

12. Concentration risk in Asia-Pacific region and emerging market (including Mainland China) risk

- The Sub-Fund will invest mainly in the Asia-Pacific region. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.
- The Sub-Fund invests in emerging markets (including Mainland China) which 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.

13. Currency risks

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

14. RMB currency risk and RMB denominated classes risk

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between RMB and other currencies.
- Currency conversion is also subject to the Sub-Fund's ability to convert the proceeds into RMB (due to exchange controls and restrictions applicable to RMB) which may also affect the Sub-Fund's ability to meet redemption requests from Unitholders in RMB denominated classes of units, and may delay the payment of redemption proceeds under exceptional circumstances.
- Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of units.
- 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.

How has the Sub-Fund performed?

As the Sub-Fund is recently launched, there is insufficient data to provide a useful indication of past performance to investors.

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.

<u>Fee</u>	<u>What you pay</u>
Subscription Fee (Preliminary Charge) (% of total subscription amount received)	Up to 3.0% for each class
Switching Fee [#] (Switching Charge) (% of total amount being switched into)	Up to 3.0% for each class
Redemption Fee (Redemption Charge) (% of Redemption Price) [#]	Up to 3.0% for each class

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.

Fees	Annual rate (as a % of the Sub-Fund's NAV)
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Management Fee [#]	Class A: 0.35% p.a.
Trustee Fee [#]	up to 0.15% p.a. of the NAV of each class
Custody Fee [#]	up to 0.03% p.a.
Performance Fee	Nil

Please refer to Appendix III to the Explanatory Memorandum of the Sub-Fund for details.

[#] Unitholders shall be given not less than 1 month's prior notice should the Management Fee, Trustee Fee, Custody Fee, Switching Fee or Redemption Fee be increased from the current level up to the maximum level as disclosed in the main part of the Explanatory Memorandum.

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 its offering document.

Additional Information

- The Sub-Fund offers monthly dealing of Units on the fifth Business Day before month end in each month. You generally subscribe and redeem Units at the Sub-Fund's NAV which is determined at the valuation point, i.e. the close of business in the last relevant market to close on each valuation day (which is the same as each Dealing Day) ("Valuation Day"), on the Dealing Day on which your request is received in good order at or before 5:00 p.m. (Hong Kong time) 3 Business Days (for subscriptions) and 4 Business Days (for redemptions) prior to the relevant Dealing Day respectively, being the Sub-Fund's dealing cut-off time for subscriptions and redemptions. The Authorised Distributor(s) may impose an earlier cut-off time for receiving instructions for subscriptions or redemptions. Investors should confirm the arrangements of the Authorised Distributor(s) concerned.
- The NAV of the Sub-Fund as at each Valuation Day will be published monthly on the Manager's website at <https://asset.pingan.com.hk/> (this website 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.