

PRODUCT KEY FACTS

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

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

PING AN OF CHINA SIF – RMB BOND FUND

July 2023

- *This statement provides you with key information about Ping An of China SIF - RMB Bond 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:	Daily
Base currency:	RMB
Dividend policy:	Accumulation class(es): No distribution to Unitholders. Class A RMB, Class A HKD, Class A USD, Class A GBP, Class A EUR and Class A AUD: on a semi-annual basis (i.e. June and December each year in the class currency of the relevant class), subject to the Manager’s discretion. Class A RMB (monthly distribution), Class A HKD (monthly distribution) and Class A USD (monthly distribution): on a monthly basis in the class currency of the relevant class, subject to the Manager’s discretion. Dividends may be paid out of capital which will result in an immediate reduction of the net asset value (“NAV”) per Unit.
Ongoing charges over a Year:	Class A RMB: 1.21%* Class A HKD: 1.23%* Class A USD: 1.22%* Class A GBP: 1.22%** Class A EUR: 1.22%** Class A AUD: 1.22%** Class A RMB (monthly distribution): 1.21%** Class A HKD (monthly distribution): 1.23%** Class A USD (monthly distribution): 1.22%** Class A (Accumulation) RMB: 1.21%** Class A (Accumulation) HKD: 1.19%* Class A (Accumulation) USD: 0.88%* Class A (Accumulation) GBP: 1.22%** Class A (Accumulation) EUR: 1.22%** Class A (Accumulation) AUD: 1.22%**
Financial year end of this Sub-Fund:	30 June
Minimum investment:	Class A RMB: RMB10,000 Class A HKD: HKD10,000 Class A USD: USD1,000

* The ongoing charges figure for this Class is the figure based on actual expenses in the period from 1 January 2022 to 31 December 2022, excluding transactional costs and realised/unrealised exchange gain and losses for such period. The figures may vary from year to year.

** The estimated figure for this unlaunched or recently launched class represents the sum of the estimated ongoing expenses chargeable to the class of the Sub-Fund over 12 months expressed as a percentage of the estimated average net asset value of the class of the Sub-Fund over the same period. The actual figures may differ upon the launch of the class and the figures may vary from year to year.

Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Minimum holding:

Aggregate minimum value of Units held:
Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000
Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Minimum redemption:

Aggregate minimum value of Units redeemed:
Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000
Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

What is this product?

Ping An of China SIF - RMB Bond 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.

Objectives and Investment Strategy

Objectives

The Sub-Fund seeks to provide total returns comprised of interest income and capital growth by investing principally in RMB denominated fixed or floating income instruments.

It invests primarily (i.e. 70% to 100% of NAV) in RMB denominated instruments including fixed income instruments, asset backed securities (subject to the limit, i.e. 30% of NAV, as set out under last paragraph in this sub-section), convertible bonds, commercial papers and short term bills and notes ("**Income Instruments**"). The Sub-Fund

shall may have up to 30% of its net FX exposure in non-RMB denominated assets. Accordingly, the Sub-Fund may invest up to 30% of its Net Asset Value in Income Instruments denominated in currencies other than RMB.

The Sub-Fund may invest in RMB-denominated Income Instruments issued and distributed (i) within mainland China via Bond Connect and (ii) in offshore markets, including but not limited to Dim Sum bonds in Hong Kong and Formosa bonds in Taiwan etc.

The RMB-denominated Income Instruments may be issued by government, quasi-government organizations, financial institutions, multinational organizations, LGFVs (as defined below) and other corporations. The issuers of RMB-denominated Income Instruments may or may not be established or incorporated in mainland China.

The Sub-Fund may invest in RMB denominated deposits issued inside or outside mainland China including but not limited to bank certificates of deposits, bank deposits and negotiated term deposits with authorised financial institutions.

The Sub-Fund may invest up to 30% of its Net Asset Value in fixed income instruments that are below investment grade or unrated. For the purposes of the Sub-Fund, a fixed income instrument which is rated “below investment grade” is defined as a fixed income security which (or the issuer of which) is (a) within the PRC, rated BB+ or below by a local PRC credit rating agency; and (b) outside the PRC, rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor’s, Moody’s and/or Fitch); and an “unrated” fixed income instrument is defined as a fixed income security which neither the security itself nor its issuer has a credit rating. Other than the foregoing, there is no other credit rating requirement for Income Instruments invested by the Sub-Fund.

The Sub-Fund may invest up to 30% of its Net Asset Value in debt instruments with loss-absorption features (“LAPs”), including contingent convertible debt securities, subordinated debts, Tier 2 Capital and Additional Tier 1 Capital etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may invest up to 100% of its Net Asset Value in debt securities issued and/or guaranteed by a single sovereign issuer – i.e. China (including its government, quasi-government entity, central bank, public and/or local authorities) which is currently rated as “investment grade” by internationally recognised credit rating agencies. Such investments are based on the professional judgment of the Manager in the best interest of investors whose reasons for investment may include a favourable / positive outlook on the sovereign issuer, potential for ratings upgrade and the expected changes in the value of such investments due to the ratings changes.

The Sub-Fund may use financial derivative instruments for hedging or non-hedging (i.e. investment) purposes, including FX derivatives (e.g. forwards and swaps), credit derivatives (e.g. credit default swaps, total return swaps, structured notes etc.) subject to a limit on net derivative exposure of up to 50% of the Sub-Fund’s NAV.

The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, repurchase transactions, reverse repurchase transactions on an over-the-counter basis (collectively, “**securities financing transactions**”) and other similar over-the-counter transactions for up to 15% of the assets of the Sub-Fund.

The Sub-Fund may invest up to 30% of its NAV in (1) urban investment bonds (城投債), which are debt instruments issued by mainland local government financing vehicles (“LGFVs”) in the listed bond and interbank bond market in mainland China, and/or (2) collateralised and/or securitised products such as asset backed securities, mortgage backed securities and asset backed commercial papers). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The following is an indicative investment allocation of the Sub-Fund. Investors should note that the Manager may at any time adjust the allocation (within the prescribed limit as shown in the below table) having regard to prevailing market conditions in future without further notice.

<i>Type of instrument</i>	<i>Indicative percentage (of Sub-Fund’s value)</i>
Government securities and quasi-government organisation securities	Up to 100%
Debts issued by substantial financial institutions and corporate entities	Up to 70%

Strategy

The Manager seeks to achieve investment returns through active management of the major risks associated with RMB denominated Income Instruments: duration, term structure, sector allocation, product selection and credit rating where applicable.

The Manager will construct the portfolio to take advantage of the expected change in the general level of RMB interest rates based on expectations of global and China’s macroeconomic cycle, fiscal policy and monetary policy. The portfolio will consist of RMB denominated Income Instruments of different maturities and credit quality

and bank deposits, and each instrument in the portfolio will be selected based on extensive in-house and external fundamental research.

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. There is no guarantee of the repayment of principal.

2. Risks associated with debt securities

- Credit / Counterparty risk: The Sub-Fund is exposed to the credit and default risk of issuers of the 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.
- Volatility and liquidity risk: The debt securities in the market in mainland China 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.
- Downgrading risk: The credit rating of a debt instrument 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 debt instruments that are being downgraded.
- 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.
- Risks associated with collateralised and/or securitised products: The Sub-Fund invests in asset-based 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.
- 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.
- 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.
- 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.
- Convertible bonds risk: 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.
- Risks relating to urban investment bonds: Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the NAV of the Sub-Fund could be adversely affected.
- Dim Sum bond market risks: The Dim Sum bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the Dim Sum bond market as well as new issuances could be disrupted causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

- *Risks relating to debt instruments that are rated below investment grade or unrated:* The Sub-Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

3. Risks associated with Bond Connect

- Investing in the China interbank bond market 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 China interbank bond market 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 China interbank bond market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

4. Concentration risk

- The Sub-Fund's investments are concentrated in RMB Income Instruments and in China. 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 Chinese markets.

5. Risk associated with investments in LAPs

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Sub-Fund may invest in contingent convertible debt instruments, which are highly complex and are of high risk. Upon the occurrence of the trigger event, contingent convertible debt instruments may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on contingent convertible debt instruments are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

6. Emerging market risk

- The Sub-Fund invests 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 or control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

7. Risks associated with investments in FDIs

- Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element and component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

8. 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 NAV per Unit.

9. 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. Having considered independent professional tax advice and in accordance with such advice, the Manager decided that no withholding tax provision will be made on the gross unrealised and realised capital gains and interest income derived from investments in the PRC."
- Any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. Investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of overprovision.

10. 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 investor's investment 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 dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

11. Currency risks

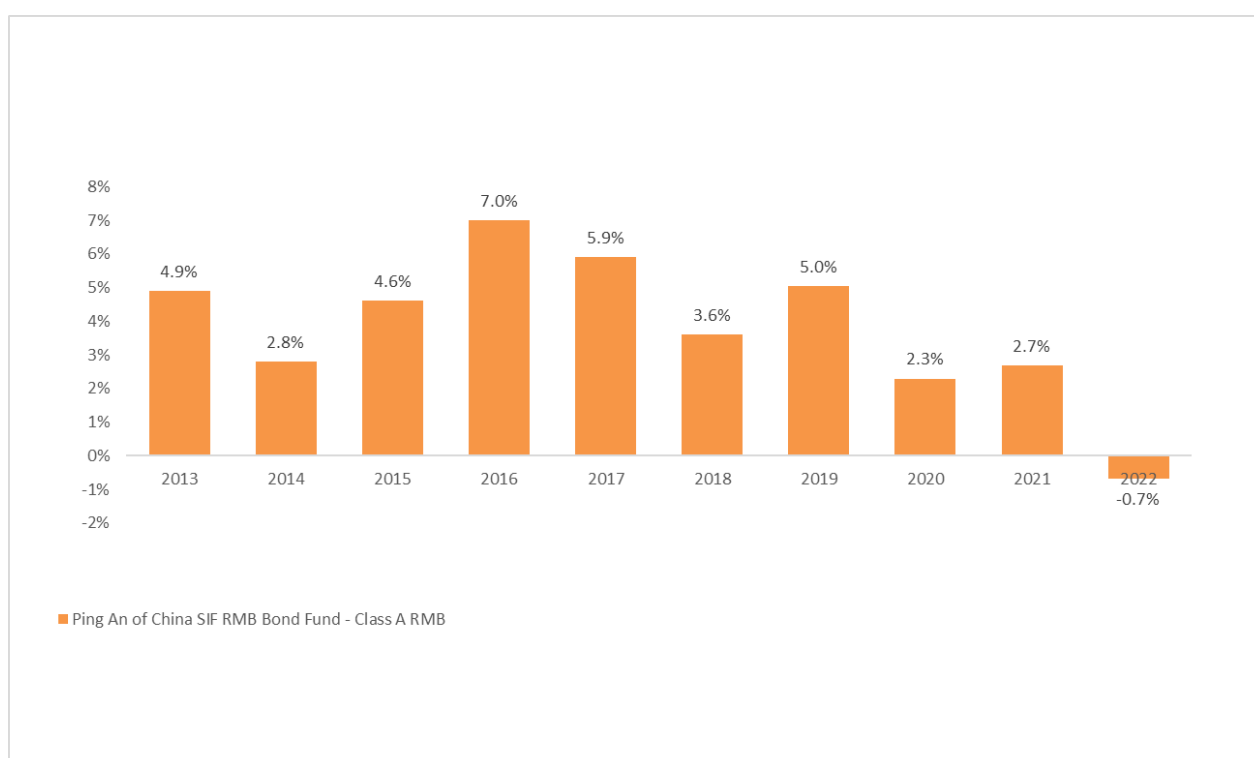
- Underlying investments of the Sub-Fund may be denominated in currencies other than its base currency. Also, a class of shares may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

12. Risk associated with limited pool of investments

- The quantity of RMB-denominated Income Instruments issued or distributed outside mainland China is currently limited. Should the availability of offshore RMB-denominated Income Instruments become scarce, the Sub-Fund may hold a significant portion of assets in Income Instruments traded on the onshore interbank bond market in mainland China via Bond Connect or in bank deposits.

How has the Sub-Fund performed?

Performance of Class A RMB Units of the Sub-Fund



- **The past performance before 31 December 2019 was achieved under circumstances that no longer apply. The investment policy was changed since 31 December 2019.**
- 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 dividend reinvested.
- These figures show by how much the Class A RMB Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- All performance information of the remaining unit classes are presented on the Manager's website at <https://asset.pingan.com.hk/en/PACSIF-RMBBF#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 and Class A RMB launch date: 28 April 2011
- Class A RMB is selected as the most appropriate representative unit class as it is denominated in the Sub-Fund's base currency.

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 5.0%
Switching Fee (Switching Charge) (% of total amount being switched into)	Not applicable (switching is currently not permitted)
Redemption Fee (Redemption Charge) (% of Redemption Price)	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.

<u>Fees</u>	<u>Annual rate (as a % of the Sub-Fund's NAV)</u>
Management Fee [#]	1.0% p.a.
Trustee Fee [#]	up to 0.15% p.a. (subject to a minimum monthly fee of RMB40,000.00)
Custody Fee	up to 0.03% p.a.
Performance Fee	N/A

Please refer to Appendix I to the offering document of the Sub-Fund for details.

[#] Unitholders shall be given not less than 1 month's prior notice should the Management Fee and Trustee Fee be increased from the current level up to the maximum level as disclosed in 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

- You generally subscribe, switch and redeem Units at the Sub-Fund's next-determined NAV after the Authorised Distributor receives your request in good order at or before 4:00p.m. (Hong Kong time) on the relevant Dealing Day, which is generally every Business Day. The Authorised Distributor(s) may impose an earlier cut-off time for receiving instructions for subscriptions, redemptions or switching. 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 on the Manager's website at <https://asset.pingan.com.hk> (this website has not been reviewed 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 on the following website: <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.