



中国太平
CHINA TAIPING

PRODUCT KEY FACTS

Taiping Investment Fund
Taiping Investment Grade Bond Fund

February 2024

Issuer: Taiping Assets Management (HK) Company Limited

- *This statement provides you with key information about Taiping Investment Grade Bond Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document.*
- *You should not invest in this product based on this statement alone.*

Quick facts

Manager:	Taiping Assets Management (HK) Company Limited	
Trustee:	BOCI-Prudential Trustee Limited	
Custodian:	Bank of China (Hong Kong) Limited	
Dealing frequency:	Daily, on every business day in Hong Kong except Saturday	
Base currency:	US dollars (USD)	
Ongoing charges over a year*:	Class A (USD)	1.17%
	Class A (HKD)	1.17%
	Class A (RMB)	1.17%
Dividend policy:	The Manager may in its absolute discretion make distributions from the net income from time to time.^ The Manager will give investors notice prior to any distributions. Distributions will be paid in the class currency of the relevant class of Units.	

^ Dividends will be derived solely from the net income (after deduction of fees and expenses), and will not be paid out of capital or effectively out of capital.

Financial year end of the Sub-Fund: 31 December

Minimum investment:	<u>Minimum Subscription Amount</u>	<u>Minimum Holding Amount</u>
Class A (USD)	USD 2,000	USD 2,000

Class A (HKD)	HKD 10,000	HKD 10,000
Class A (RMB)	RMB 10,000	RMB 10,000

* As the Sub-Fund is newly set up, the ongoing charges figure is an estimate only and is based on estimated expenses chargeable to the Sub-Fund for a 12-month period expressed as a percentage of the estimated average net asset value (“**Net Asset Value**”) of the Sub-Fund over the same period. The actual figure may be different upon actual operation of the Fund and may vary from year to year.

What is this product?

The Sub-Fund is a sub-fund of Taiping Investment Fund which is an umbrella unit trust governed by the laws of Hong Kong.

Objective and Investment Strategy

Objective

The Sub-Fund seeks to provide Unitholders with income and medium to long term capital appreciation through investing in investment grade fixed income instruments in markets worldwide over time.

Strategy

The Sub-Fund will invest primarily (at least 70% of its Net Asset Value) in fixed income instruments denominated in any currency (including “dim sum” bonds, i.e. bonds issued outside of Mainland China but denominated in RMB) issued or guaranteed by governments, corporate or institutional (such as bank) issuers globally with an investment grade rating (i.e. having a credit rating of Baa3 or BBB- or above by Standard & Poor’s, Fitch, Moody’s or another internationally recognised credit rating agency) or fixed income instruments with issuers of investment grade rating if the instrument does not have a credit rating.

The Sub-Fund will not invest in fixed income instruments which are below investment grade or unrated. For the purpose of the Sub-Fund, “**unrated**” fixed income instruments refer to those which neither the instruments themselves nor their issuers have a credit rating. Where the Manager foresees any event of a credit downgrade, removal of credit rating or default of the issuers of a fixed income instrument, which is the usual case, the Manager will rebalance the Sub-Fund’s portfolio prior to the occurrence of such event. If the Manager cannot foresee such event, where the credit ratings of the relevant fixed income instruments are downgraded to below investment grade, the Manager will, having regard to the interest of the Unitholders, seek to rebalance the portfolio and dispose of such downgraded fixed income instruments in a gradual and orderly manner in light of the then prevailing market conditions.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features (“**LAP**”) (e.g. contingent convertible bonds (“**CoCos**”), Additional Tier 1 Capital, Tier 2 Capital and senior non-preferred debts). 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 less than 30% of its Net Asset Value in money market instruments, commercial papers, certificates of deposits, commercial bills which are issued by international issuers (such as financial institutions, corporations, government, quasi-government organisations, agencies, organizations or entities) of investment grade.

The Sub-Fund may also invest up to 10% of its Net Asset Value in aggregate in collective investment schemes.

The Sub-Fund may invest less than 30% of its Net Asset Value in urban investment bonds, which are debt instruments issued by Mainland local government financing vehicles (“LGFVs”). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

While it is not the intention of the Manager to invest primarily in any single country or region, the Sub-Fund’s aggregate exposure to Mainland China, including investments in offshore securities issued or guaranteed by issuers domiciled or carrying out the predominant part of their economic activities in Mainland China may, on an occasional basis, be significant, but will be less than 60% of its Net Asset Value. The Manager does not expect that the Sub-Fund will invest 30% or more of its Net Asset Value in any single country or region other than Mainland China. The Sub-Fund does not intend to invest in onshore securities issued in Mainland China.

The Sub-Fund is not subject to any limitation on the market capitalisation of issuers.

Under exceptional circumstances (e.g. extreme volatility of the markets, closure, suspension or restriction of trading on any market on which a substantial proportion of the Sub-Fund’s investments are traded, or major crisis), the Manager may temporarily hold a substantial portion of the Sub-Fund’s assets (up to 100% of its Net Asset Value) in cash or cash equivalents, or invest in short-term money market instruments for liquidity management and/or defensive purpose to preserve the value of the assets in the investment portfolio of the Sub-Fund.

The Sub-Fund may also invest in financial derivative instruments (“FDIs”) for hedging purposes only but not for investment purposes.

The Manager currently does not intend to enter into securities lending, sale and repurchase and/or reverse repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund.

Use of derivatives / investment in derivatives

The Sub-Fund’s net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum 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 of the 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. Risks associated with fixed income instruments

Credit / Counterparty risk

- The Sub-Fund is exposed to the credit / default risk of issuers of the fixed income instruments that the Sub-Fund may invest in.

Interest rate risk

- Investment of the Sub-Fund is subject to interest rate risk. In general, the prices of fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

Volatility and Liquidity risk

- The fixed income instruments in certain countries and regions (such as 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 instruments may be large and the Sub-Fund may incur significant trading costs.

Downgrading risk

- The credit rating of a fixed income 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 fixed income instruments that are being downgraded.

Sovereign debt risk

- The Sub-Fund's investment in instruments 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.

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.

4. Risks relating to distributions

- Distributions are not guaranteed, and therefore, investors may not receive any distributions from the Sub-Fund. Income received for the account of the Sub-Fund may be reinvested by the Manager. There is no assurance that an investor will achieve a return on the

reinvestment or a return of the original investment amount.

- Investors should also understand that any declaration of a distribution may not indicate whether the Sub-Fund has made profit whether of a capital or income nature.

5. Mainland China investment risks

General

- Investing in Mainland China securities markets is subject to the risks of investing in emerging markets generally, 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.

“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 Net Asset Value 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).

6. Concentration risk

- The Sub-Fund may have significant exposure to Mainland 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 Mainland Chinese market.

7. 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.

8. Risks associated with investments in FDIs

- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of

an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

How has the Sub-Fund performed?

There is insufficient data to provide useful indication of past performance to investors as the Sub-Fund is newly established for less than a full calendar year.

Is there any guarantee?

The 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 this Sub-Fund.

<u>Fee</u>	<u>What you pay</u>
Subscription fee	Up to 5% of the issue price
Switching fee (conversion fee)	Up to 3% of the issue price per unit of the new Class of Units for each unit converted
Redemption fee⁺	Currently nil. The Manager reserves the right to charge up to the specified permitted maximum of 4% of the redemption price

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⁺	Class A (USD)	0.80% p.a.
	Class A (HKD)	0.80% p.a.
	Class A (RMB)	0.80% p.a.
Trustee fee⁺	Up to 0.15% p.a., subject to a minimum monthly fee of up to USD4,000	
Custody fee	Up to 0.017% p.a.	
Performance fee	Nil	
Administration fee	Nil	

Other fees

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

⁺ You should note that such fees may be increased, up to a specified permitted maximum level, by giving the relevant Unitholders at least 1 month's prior notice. For details, please refer to the section of "**EXPENSES AND CHARGES**" in the main body and Appendix B of the Explanatory Memorandum.

Additional Information

- You generally buy and redeem Units at the Sub-Fund's next-determined Net Asset Value after the Trustee receives your request in good order on or before 4:00p.m. (Hong Kong time) being the dealing cut-off time. A distributor may impose different dealing deadlines for receiving requests from you.
- The Net Asset Value of this Sub-Fund is calculated and the price of Units is published on each dealing day on the Manager's website at <https://www.tpfh.cntaiping.com/tc/business/detail/assets-management/fund>. 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.