

## ChinaAMC (HK) Launches ChinaAMC Select RMB Investment Grade Income Fund in Hong Kong

### Capturing Opportunities of RMB Internationalization

Investment involves risks, including the loss of principal. The price of units or shares of the Funds may go up as well as down. Past performance is not indicative of future results. The value of the Funds can be extremely volatile and could go down substantially within a short period of time. You should read the Fund's Placing Memorandum or Explanatory Memorandum and Product Key Facts Statement for details, including risk factors. Investors should not base investment decisions on this marketing material alone. Please note:

- The investment objective of ChinaAMC Select RMB Investment Grade Income Fund (the "Fund") is to achieve capital appreciation and income generation by investing primarily (i.e. at least 70% of the Fund's NAV) in a fixed income portfolio with exposure to RMB.
- Investment in debt instruments involves counterparty risk, interest rate risk, volatility and liquidity risk, credit downgrading risk and valuation risk.
- RMB is not freely convertible and is subject to exchange controls and restrictions. Any depreciation of RMB could adversely affect the value of the Fund. Payment of redemptions and/or dividend in RMB may be delayed due to exchange controls and restrictions.
- The Fund's investment exposure is concentrated in Mainland China, which involves concentration risk, risks associated with emerging market, dim sum bonds, urban investment bonds and greater political, tax, economic, foreign exchange, liquidity, legal and regulatory risks.
- The Fund may invest in fixed income instruments with loss-absorption features. Investments in such instruments are subject to higher liquidity, valuation and sector concentration risk.
- The Fund may enter into securities lending, repurchase and reverse repurchase transactions and may acquire FDIs for RMB hedging. It associated with higher volatility risk, credit risk, liquidity risk, management risk, valuation risk, counterparty risk and OTC transaction risk.

[Hong Kong, 13 June 2022] China Asset Management (Hong Kong) Limited ("ChinaAMC (HK)") is pleased to announce the launch of Hong Kong authorized mutual fund - ChinaAMC Select RMB Investment Grade Income Fund ("the Fund").

The Fund is the first Hong Kong-domiciled, RMB-denominated fixed income product that offers cross-market, pure investment-grade exposures. Riding on the opportunities arising from RMB internationalization, the Fund aims to achieve relatively stable return in volatile market conditions through implementing a highly diversified and investment strategy.

#### **Flexibility • Diversified-allocation • Robust • Stable dividend**

The Fund invests 100% in investment grade bonds and maintains an exposure of no less than 70% in RMB. The Fund primarily invests in Dim Sum bonds, onshore Chinese bonds, global USD bonds (hedged back to RMB), and cash and cash equivalents. The portfolio maintains low credit risk through holding pure investment grade bonds. At the same time, the portfolio adopts a diversified allocation strategy, flexibly allocating bond assets to different markets, countries and industries according to the changes in economic cycle, policy orientation and rate trend, and making timely and dynamic adjustments. The Fund also manages interest rate risk exposure flexibly and diversifies the asset allocation through multi hedging instruments to seize onshore and offshore bonds opportunities. In addition, the Fund also offers dividend distributing share classes, providing investors with stable cash flow. The target annualized dividend yield of RMB share is 4%\*.

Bank of China (Hong Kong) Limited ("BOCHK") and Nanyang Commercial Bank are sole distributors during the Fund's initial offering period.

## RMB assets are attractive in long-term amid global interest rate hike

The announcement of interest hikes by many major central banks may have triggered corrections across many asset classes; however, RMB bond assets have outperformed year to date. Looking ahead, we remain positive about the performance of RMB-related assets in the long run.

Although Chinese economy faces short-term challenges due to China's lockdown in the COVID outbreak, domestic inflation remains relatively mild compared to most Europe, US and other emerging markets. With the gradual easing of lockdown policies and the introduction of more supportive economic policies, China's economy is poised to remain resilient.

We believe that foreign allocation to RMB assets will steadily increase, particularly RMB bonds. Currently, foreign holdings account for only 3% of what remains the second largest bond market in the world, a far lower ratio than seen in other countries. The capital inflow that would result by including RMB assets in international bond indices would amount to US\$ 100 billion in passive capital alone. Meanwhile, the low correlation between the performance of RMB bonds and that of major global bond indices is also an appealing factor to foreign institutions looking to achieve greater portfolio diversification.



From left to right are Ms. Joyce LEUNG, Assistant General Manager of Personal Digital Banking Product Department, BOCHK; Mr. Tian GAN, CEO of ChinaAMC (HK); Mr. Michael TING, Head of Investment Product Specialists Division, Nanyang Commercial Bank, Limited.

**Mr. Tian GAN, CEO of ChinaAMC (HK),** explains “With the strong growth of China economy in the past years, RMB plays an increasingly important role in global trade settlements. The tension between Russia and Ukraine also represents an important opportunity for RMB internationalization. We also see the Central Government's determination and commitment to promote the internationalization of RMB. The Central Government released a batch of supportive policies, including the launch of Cross-boundary Wealth Management Connect, the Southbound Bond Connect, the ETF Connect, and the uplift of QFII investment quota restrictions. And the central bank issued a document to establish a

normal mechanism for the issuance of central bank bills in Hong Kong to promote the development of RMB Internationalization and to strengthen the status of Hong Kong as the key offshore RMB centre. The scale of offshore RMB deposits has risen rapidly in recent years. Currently, the scale of offshore RMB deposits exceeds RMB 1 trillion, and the scale in Hong Kong has significantly increased to RMB 900 billion. The launch of this new RMB Investment Grade Income Fund is well-timed and we believe RMB-related assets will offer promising prospects for investors in the long run. Under this narrative, we hope to provide a competitive and effective solution for investors to seize opportunities from RMB internationalization and to achieve the objective of capital appreciation and relatively stable income generation through leveraging the outstanding investment capability of our fixed income team."

**Ms. Joyce LEUNG, Assistant General Manager of Personal Digital Banking Product Department, Bank of China (Hong Kong) Limited ("BOCHK"),** said "BOCHK is honoured to be a distributor of the ChinaAMC Select RMB Investment Grade Income Fund in the initial offering period, bringing our customers an innovative fixed income fund. With the accelerated integration of Guangdong-Hong Kong-Macau Greater Bay Area, about 60% of BOCHK's mid-to-high-end customers held RMB-denominated assets as of the end of 2021, reflecting notable demands for RMB asset allocation. BOCHK and ChinaAMC (HK) will continue to collaborate closely to provide diversified investment products and services, to help customers capture opportunities arising from the internationalization of RMB and achieve their investment goals through flexible asset allocation."

**Mr. Michael TING, Head of Investment Product Specialists Division, Nanyang Commercial Bank, Limited,** said "As the Central Government continues to promote the internationalization of RMB, the use of RMB and its importance in monetary functions steadily increase globally. RMB ranks 5th in the world in terms of global foreign reserves, with total foreign exchange reserves of RMB reaching US\$336.1 billion in Q4 2021. RMB also ranks 4th most-used currency for global payments in SWIFT. Foreign institutional investors' demand for RMB asset allocation is increasing, and they have explicit preference for RMB products that could provide stable returns. As the world's largest offshore RMB business hub and the key financial centre that connects Mainland China with the rest of the world, Hong Kong has unparalleled prospects for the business of RMB-related products. Being the first pure investment-grade, RMB-denominated, cross-market RMB fixed income product in Hong Kong, ChinaAMC Select RMB Investment Grade Income Fund will help international investors capitalise on the fast-growing RMB market and diversify their portfolio."

<b>Fund Details</b>	
<b>ChinaAMC Select RMB Investment Grade Income Fund</b>	
Investment objective	The Sub-Fund seeks to achieve capital appreciation and income generation by investing primarily (i.e. at least 70% of the Net Asset Value of the Sub-Fund) in a fixed income portfolio with exposure to RMB.
Base currency	RMB
Domicile	Hong Kong
Settlement	T+5
Management fee	Class A : 0.75% p.a.; Class I : 0.40% p.a.
Initial charge	Class A : up to 5%; Class I : nil

Redemption charge	Nil
Switching fee	Up to 1%
Trading currency	RMB / HKD / USD
Dividend frequency	Quarterly, subject to the discretion of the Manager. Distributions may be paid out of capital or effectively paid out of capital, which will result in an immediate reduction of the net asset value per Unit.
Custodian	Bank of China (Hong Kong) Limited
Trustee	BOCI-Prudential Trustee Limited
Fund website <sup>#</sup>	<a href="http://www.chinaamc.com.hk/mutualfund/rmb-ig-income-fund/en/">www.chinaamc.com.hk/mutualfund/rmb-ig-income-fund/en/</a>

- End -

### About China Asset Management (Hong Kong)

ChinaAMC (HK) is a wholly-owned subsidiary of China Asset Management Co. Limited that was incorporated in Hong Kong in September 2008. ChinaAMC (HK) is one of the first mainland Chinese fund management companies licensed to conduct asset management business in Hong Kong and one of the first RQFII fund managers. Its vision is to become a pillar of the international financial architecture, helping to bridge the markets between China and the rest of the world. ChinaAMC (HK) has a broad range of product lines and services, including long-only funds, hedge funds, Exchange Traded Funds (ETF), leveraged/Inverse products, bond funds, segregated accounts as well as advisory services for both individual and institutional investors in Hong Kong, Greater China, Asia Pacific, Europe and the U.S.

### For enquiries, please contact:

#### Media enquiries

Tel : (852) 3406 8611

Email : [lissie.li@chinaamc.com](mailto:lissie.li@chinaamc.com)

#### Product enquiries

Tel : (852) 3406 8688

Email : [hkservice@chinaamc.com](mailto:hkservice@chinaamc.com)

-----  
 Source: ChinaAMC (HK), Bloomberg, as of 31 May 2022.

\* The target annualized dividend yield is 4%. The annualized dividend yield is calculated based on the latest dividend distribution with dividend reinvested, and may be higher or lower than the actual annual dividend yield. Positive distribution yield does not imply positive return. Dividend is not guaranteed. Annualized dividend yield =  $[(1 + \text{distribution per unit/ex-dividend NAV})^4] - 1$ .

# The website has not been reviewed by the Securities and Futures Commission.

Please note that for the subscription fee, switching fee/redemption fee, management fee, trustee fee, administrative fee and custodian fee, the Manager will give Unitholders at least one month's prior notice before proposing to increase the fees from the current level to the maximum level. Where the Sub-Fund invests in funds which are managed by the Manager or its connected persons (the "underlying funds"), the Manager will procure that either the Sub-Fund or the underlying fund(s) will not charge any management fee in order to ensure no double-charging of management fees.

Investment involves risks. The price of the Fund's units may go up as well as down. Past performance is not indicative of future performance, future return is not guaranteed and a loss of your original capital may occur. This material does not constitute an offer or solicitation of any transaction in any securities or collective investment schemes, nor does it constitute any investment advice. This document is provided for information purposes only and shall not be relied upon for making any investment decision. Certain information or data in this document has been obtained from unaffiliated third parties; we have reasonable belief that such information or data is accurate, complete and up to the date as indicated; China Asset Management (Hong Kong) Limited accepts responsibility for accurately reproducing such data and information but makes no warranty or representation as to the completeness and accuracy of data and information sourced from such unaffiliated third parties. You should read the Fund's offering documents for further details, including risk factors. If necessary, you should seek independent professional advice. This material has been prepared and issued by China Asset Management (Hong Kong) Limited. This material has not been reviewed by the Securities and Futures Commission.