

# PRODUCT KEY FACTS

## ChinaAMC Select Fund - ChinaAMC Select Money Market Fund (the “Sub-Fund”) March 2023



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

### Quick facts

Fund Manager:	China Asset Management (Hong Kong) Limited (the “ <b>Manager</b> ”)
Trustee:	BOCI-Prudential Trustee Limited
Custodian	Bank of China (Hong Kong) Limited
Base currency:	HKD
Financial year end of the Sub-Fund:	31 December
Dealing frequency:	Daily
Distribution policy:	No dividends will be declared or distributed. All interest and other income earned on the investment will be accumulated and re-invested into the Sub-Fund on behalf of Unitholders of the Classes of accumulating Units.
Ongoing charges over a year:	Class A HKD Units: 0.22%# Class A USD Units: 0.22%^ Class B HKD Units: 0.52%^ Class B USD Units: 0.52%^ Class F HKD Units: 0.83%^^ Class H HKD Units: 0.42%^ Class I HKD Units: 0.13%# Class I USD Units: 0.13%#

^ As the unit class has not yet been launched, the figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the relevant unit class expressed as a percentage of the estimated average net asset value of the relevant unit class. The actual figure may be different upon actual operation of the Sub-Fund and may vary from year to year.

^^As the unit class is newly launched, the figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the relevant unit class expressed as a percentage of the estimated average net asset value of the relevant unit class. The actual figure may be different upon actual operation of the Sub-Fund and may vary from year to year.

# The ongoing charges figure is based on expenses for the year ended 31 December 2022. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the relevant unit class expressed as a percentage of the average net asset value of the relevant unit class.

Minimum subscription:

Class A HKD Units: HKD 1,000 initial, HKD 1,000 additional

Class A USD Units: USD 1,000 initial, USD 1,000 additional

Class B HKD Units: HKD 10,000 initial, HKD 10,000 additional

Class B USD Units: USD 10,000 initial, USD 10,000 additional

Class F HKD Units: No minimum initial or additional subscription requirement

Class H HKD Units: No minimum initial or additional subscription requirement

Class I HKD Units: HKD 1,000,000 initial, HKD 1,000,000 additional

Class I USD Units: USD 1,000,000 initial, USD 1,000,000 additional

Minimum holding:

Class A HKD Units: units with aggregate minimum value of HKD 1,000

Class A USD Units: units with aggregate minimum value of USD 1,000

Class B HKD Units: units with aggregate minimum value of HKD 10,000

Class B USD Units: units with aggregate minimum value of USD 10,000

Class F HKD Units: No minimum holding requirement

Class H HKD Units: No minimum holding requirement

Class I HKD Units: units with aggregate minimum value of HKD 1,000,000

Class I USD Units: units with aggregate minimum value of USD 1,000,000

Minimum redemption:

Class A HKD Units: units with aggregate minimum value of HKD 1,000

Class A USD Units: units with aggregate minimum value of USD 1,000

Class B HKD Units: units with aggregate minimum value of HKD 1,000

Class B USD Units: units with aggregate minimum value of USD 1,000

Class F HKD Units: No minimum redemption requirement

Class H HKD Units: No minimum redemption requirement

Class I HKD Units: units with aggregate minimum value of HKD 10,000

Class I USD Units: units with aggregate minimum value of USD 10,000

### What is this product?

- ChinaAMC Select Money Market Fund is a sub-fund of ChinaAMC Select Fund, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.
- **The purchase of a unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee principal and the Manager has no obligation to redeem units at the offer value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant net asset value.**

### Investment Objective and Investment Strategy

#### Primary Investment

The Sub-Fund's objective is to invest in short-term deposits, high quality money market instruments of varying maturities and such other securities as permitted by the SFC's Code on Unit Trusts and Mutual Funds. The Sub-Fund seeks to achieve long-term return in line with prevailing money market rates, with primary considerations of both capital security and liquidity, by investing not less than 70% of the net asset value of the Sub-Fund in HK dollar and US dollar-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organizations, and financial institutions globally. The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

The short-term deposits and high quality money market instruments that the Sub-Fund invests in may include but are not limited to government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and bankers' acceptances. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of its net asset value except: (i) where the entity is a substantial financial institution and

the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities (as defined in the Explanatory Memorandum), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

### Ancillary Investments

The Sub-Fund may also invest up to 30% of its net asset value in short-term deposits and high quality money market instruments denominated in currency(ies) other than HKD and USD.

The Sub-Fund may also invest up to 3% of its net asset value in fixed income and debt instruments which are below investment grade or unrated or are high yield bonds. For the purpose of the Sub-Fund, an "unrated fixed income/debt instrument" is defined as an instrument which neither the instrument itself nor its issuer has a credit rating.

The Sub-Fund will not invest more than 10% of its net asset value in securities issued by or guaranteed by any single sovereign issuer that has a credit rating below investment grade or is unrated.

The Sub-Fund may also invest up to 10% of its net asset value in money market funds which are authorized by the SFC or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund will not invest in fixed income and debt instruments (including money market instruments) issued in Mainland China. The Sub-Fund may borrow up to 10% of its net asset value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

The Sub-Fund may invest in financial derivative instruments for hedging purposes only, to the extent permitted by the SFC's Code on Unit Trusts and Mutual Funds, as amended by the SFC from time to time.

The Manager currently does not intend to enter into securities lending, repurchase transactions or reverse repurchase transactions and other similar over-the-counter transactions in respect of the Sub-Fund. The approval of the SFC will be sought and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

### **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. For further information on risk, refer to the Sub-Fund's Explanatory Memorandum.**

#### **1. Investment risk**

- The Sub-Fund is an investment fund and not a bank deposit. The Sub-Fund may fall in value due to any of the key risk factors below and therefore investors may suffer losses. There is no guarantee of repayment of capital.

#### **2. Money market instruments risk**

- **Volatility and liquidity risk** - The Sub-Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large or such money market instruments may be sold at discount to its fact value, and hence, the Sub-Fund may incur significant trading and realisation costs and losses may be suffered.
- **Credit risk** - The Sub-Fund is exposed to the credit/insolvency risk of issuers of the money market instruments that the Sub-Fund may invest in.
- **Interest rate risk** - Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Credit rating risk** - Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the money market instruments and/or issuer all times.
- **Valuation risk** - Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, this may affect the calculation of the net asset value of the Sub-Fund.
- **Downgrade risk** - The credit rating of an issuer or a money market instrument may subsequently be downgraded due to changes in the financial strength of an issuer or changes in the credit rating of a money market instrument. In the event of downgrading in the credit ratings of a money market instrument or an issuer relating to a money market instrument, the Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not be able to dispose of the money market instruments that are being downgraded.
- **Sovereign debt risk** - Investment in sovereign debt obligations 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.

### 3. Risks associated with bank deposits

- The Sub-Fund will invest in HKD and USD-denominated short-term deposits, which are subject to the credit risks of the financial institutions that offer and act as counterparties of such deposits. As such deposits may not be protected or fully protected under any deposit protection schemes, a default by the relevant financial institution in respect of the Sub-Fund's holdings in short-term deposits may result in losses to the Sub-Fund.

### 4. Risk of short-term debt instruments

- The Sub-Fund will invest mainly in short-term debt instruments. Short-term debt instruments are not risk-free and investing 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 short-term debt instruments with 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 debt instruments may also increase which in turn may have a negative impact on the net asset value of the Sub-Fund.

## **5. Concentration risk**

- The Sub-Fund will invest primarily in HKD and USD-denominated instruments. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

## **6. Foreign currency risk**

- Certain investments acquired by the Sub-Fund are denominated in currencies (such as USD) different from the Base Currency. The net asset value of the Sub-Fund may be affected favourably or unfavourably by the exchange rates between the Base Currency and currencies of investments acquired by the Sub-Fund and by changes in exchange rate control.

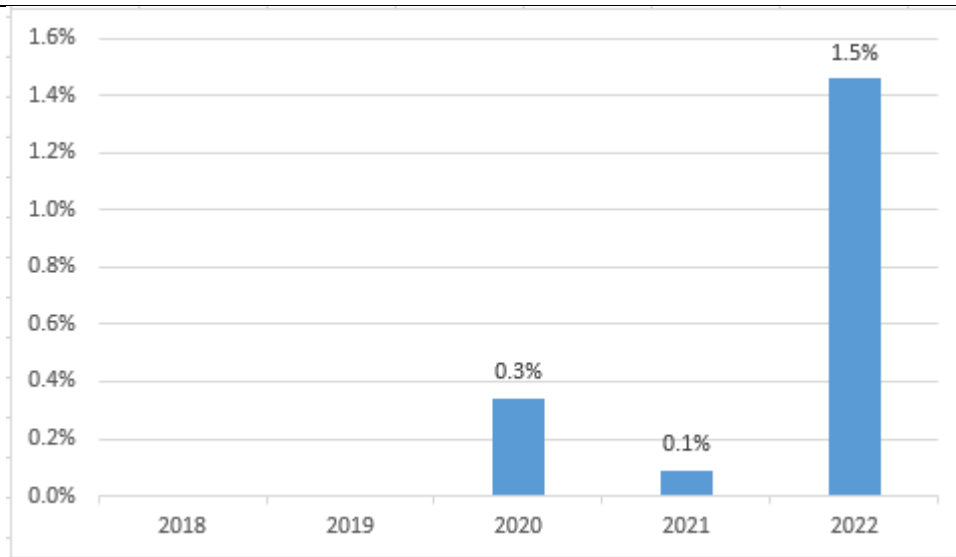
## **7. Hedging risk**

- The Sub-Fund may acquire financial derivatives instruments for hedging and in adverse situations, such hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. A derivative instrument is subject to the risk that the counterparty of the instrument will not fulfil its obligations to the Sub-Fund, and this may result in losses to the Sub-Fund.

## **8. Risks associated with the Sub-Fund's restrictions on redemption**

- With a view to managing the liquidity of the Sub-Fund, achieving fair treatment of Unitholders, and safeguarding the interests of remaining Unitholders in case of sizeable redemptions, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue, and/or, upon consultation with the Trustee from time to time, to limit the amount of redemption request from an individual Unitholder on any Dealing Day to HKD 10,000 or the equivalent in another currency under extreme market circumstances at the Manager's discretion. Where the Manager effects such limitation on redemption on a particular Dealing Day, redemption requests in excess of the relevant limit will not be dealt with on that Dealing Day. Payment of redemption proceeds will be processed based on the Dealing Day on which a redemption request is dealt with by the Manager.
- Where the foregoing restrictions on redemption are effected, any Units not redeemed will be carried forward to the next Dealing Day for redemption. The Manager is also entitled, with the approval of the Trustee, to apply the foregoing restriction on redemption on the following Dealing Day. As such, there is no guarantee that the whole of the deferred redemption request will be dealt with on the second relevant Dealing Day.

## **How has the Sub-Fund performed?**



Note: With effect from 23 August 2022, the investment objective and strategy has been changed to remove investment in Mainland China and use of repurchase transaction. The performance prior to 2022 was achieved under circumstances that no longer apply. The base currency has been changed to HKD, investment objective and strategy has been changed to add flexibility to invest in HKD denominated money market instruments on 7 September 2020.

- 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 I HKD Unit increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 19 March 2019
- Class I HKD Unit launch date: 19 March 2019
- Class I HKD Unit is selected as the most appropriate representative unit class as it has the longest track record.
- For further information on the performance of other unit classes, please refer to [www.chinaamc.com.hk](http://www.chinaamc.com.hk)<sup>1</sup>

### Is there any guarantee?

**The Sub-Fund makes no guarantee of investment return or avoidance of loss. 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.

<sup>1</sup> This website has not been reviewed by the SFC.

<b>Fee</b>	<b>What you pay</b>
<b>Subscription fee*</b>	Up to 5% of the amount you buy <sup>^</sup>
<b>Conversion or switching fee*</b>	Up to 1% of the total redemption proceeds of the original Class of Units (current level at 1%) <sup>^</sup>
<b>Redemption fee<sup>^^</sup></b>	None

<sup>^</sup> Investors should check with the distributor for the current level of the subscription and conversion fee. Please note that no subscription fee is payable in respect of subscription for Class I HKD Units and Class I USD Units.

<sup>^^</sup> The Manager is entitled, with the approval of the Trustee, to limit the number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue, and/or, upon consultation with the Trustee from time to time, to limit the amount of redemption request from an individual Unitholder on any Dealing Day to HKD 10,000 or the equivalent in another currency under extreme market circumstances at the Manager's discretion.

### 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.

	<b>Annual rate (as a % p.a. of the NAV)</b>
<b>Management fee*#:</b>	At 0.15% per annum for Class A HKD Units
	At 0.15% per annum for Class A USD Units
	At 0.30% per annum for Class B HKD Units
	At 0.30% per annum for Class B USD Units
	At 0.60% per annum for Class F HKD Units
	At 0.20% per annum for Class H HKD Units
	At 0.05% per annum for Class I HKD Units
	At 0.05% per annum for Class I USD Units
<b>Trustee fee*:</b>	Up to 0.5% per annum (current level up to 0.075% per annum) of the Sub-Fund's value and subject to a minimum monthly fee of HKD 30,000
<b>Custodian fee*:</b>	Up to 0.10% per annum of the Sub-Fund's value (current level up to 0.025% per annum)
<b>Performance fee:</b>	Not applicable

\* You should note that the subscription fee, conversion / switching fee, management fee, trustee fee, and custodian fee might be increased up to the specified permitted maximum level by providing not less than one month's prior notice to Unitholders.



# 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.

### **Other fees**

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

### **Additional Information**

- You generally buy and redeem units at the Sub-Fund’s next determined net asset value (NAV) after the trustee receives your request in good order on or before 12:00 p.m. (Hong Kong time) being the dealing cut-off time. Different distributors may impose different dealing deadlines for receiving requests from investors.
- The NAV is calculated and the price of units is published each HK Business Day in company website of the Manager.

### **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.