

# PRODUCT KEY FACTS

## ChinaAMC Investment Trust ChinaAMC Mackenzie Global Strategic Income Fund

Issuer: China Asset Management  
(Hong Kong) Limited



March 2022

- *This statement provides you with key information about the ChinaAMC Mackenzie Global Strategic Income Fund (the “Fund”).*
- *This statement is a part of the Fund’s offering document.*
- *You should not invest in this product based on this statement alone.*

### Quick facts

<b>Manager:</b>	China Asset Management (Hong Kong) Limited		
<b>Investment Adviser:</b>	Mackenzie Financial Corporation – Canada (external delegation)		
<b>Trustee:</b>	Cititrust Limited		
<b>Custodian and Administrator:</b>	Citibank, N.A. (Hong Kong branch)		
<b>Ongoing charges over a year:</b>	Class A Units: 2.79%^ Class I Units: 2.79%#		
<b>Dealing frequency:</b>	Daily		
<b>Base Currency:</b>	USD		
<b>Distribution Policy:</b>	Monthly, subject to the Manager’s discretion. The Manager intends to distribute income to Unitholders having regard to the Fund’s net income after fees and costs. Distributions will only be paid from net income after deduction of all fees and costs and no distributions will be paid out of or effectively out of the capital of the Fund. All Units will receive distributions in USD only.		
<b>Financial Year End of the Fund:</b>	31 December		
<b>Minimum investment:</b>	<b>Class of Units</b>	<b>Initial</b>	<b>Additional</b>
	Class A (USD)	USD2,000	USD2,000
	Class I (USD)	USD1,000,000	USD1,000,000
	Class A (RMB)	RMB10,000	RMB10,000
	Class I (RMB)	RMB5,000,000	RMB5,000,000
	Class A (HKD)	HKD10,000	HKD10,000
	Class I (HKD)	HKD5,000,000	HKD5,000,000

### What is this product?

The Fund is a sub-fund of ChinaAMC Investment Trust (the “Trust”) which is a trust established as an umbrella fund. The Trust is governed under the laws of Hong Kong.

<sup>^</sup> 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.

<sup>#</sup> As all units of the class have been redeemed, the figure is an estimate only and represents the sum of the estimated ongoing expenses calculated based on annualized actual expenses for the period from 1 January 2021 to the date of full redemption. The actual figure may be different upon actual operation of the fund and may vary from year to year.

## Objective and Investment Strategy

### Objective

The investment objective of the Fund is to seek income with the potential for long-term capital growth by investing primarily in fixed-income and/or income-oriented equity securities anywhere in the world.

### Strategy

#### *General*

The Fund will pursue a flexible approach to investing in fixed-income and/or equity asset classes anywhere in the world. The Fund will generally invest 40% to 60% of its Net Asset Value ("NAV") in fixed income securities and 40% to 60% of its NAV in equity investments. Allocations between asset classes are based on economic conditions and/or the Investment Adviser's assessment of relative valuations.

The investment approach follows a fundamental analysis to identify, select and monitor investments, by performing industry analysis and specific company analysis, including reviewing financial statements and other relevant factors. The Fund does not have a geographical focus, but its investments may from time to time be concentrated in a jurisdiction or region, for example North America. The Fund may invest an aggregate limit of 20% of the NAV in all onshore Mainland China securities (including equity and fixed income).

#### *Fixed income investments*

Fixed income investments may include, but are not limited to, fixed income securities, corporate bonds, convertible bonds, leveraged loans, preferred shares, and/or government bonds. The Fund does not have a requirement on the credit rating of the underlying fixed income securities. Leveraged loans are loans to companies with below investment grade credit ratings and generally have elevated debt levels. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt. They are not derivative instruments. The Fund may invest up to 10% of its NAV in leveraged loans. The Fund may invest an aggregate limit of 20% of the NAV in non-investment-grade fixed income investments.

The Fund will access the Mainland China fixed income markets via Bond Connect (an initiative for mutual bond market access between Hong Kong and Mainland China), the Foreign Access Regime (a regime whereby foreign institutional investors can invest in the PRC inter-bank bond market), QFII or RQFII.

The Fund will not invest more than 10% of its NAV in fixed income investments issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade and/or unrated.

#### *Equity investments*

Income-oriented equity securities in which the Fund may invest may include, but are not limited to, dividend-paying common shares, preferred shares and convertible preferred shares. The Fund will access the Mainland equity markets via Stock Connect (a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect), QFII or RQFII.

#### *Others*

The Fund will make use of financial derivative instruments ("FDIs") for hedging purposes only. The Fund will not invest in collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers). The Fund will not enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions. The Fund will not write options. The Fund will not invest in urban investment bonds. Should the Manager and the Investment Adviser decide to enter into such arrangements in the future, this Explanatory Memorandum will be amended to provide details of the arrangements and Unitholders will be provided with not less than one month's prior written notice of the amendment.

## Use of Derivatives / Investment in Derivatives

The 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. Investment risk**

- The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

**2. Currency risk**

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

**3. Equity market risk**

- The Fund's investments in equities are subject to idiosyncratic risks and general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

**4. Risk associated with debt securities**

- *Credit / Counterparty risk:* The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.
- *Interest rate risk:* Investment in the 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 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 Fund may incur significant trading costs.
- *Credit / 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 fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Risk associated with debt securities rated below investment grade:* The Fund may invest in debt securities rated below investment grade or unrated. Such securities are generally subject to higher default risk, lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- *Sovereign debt risk:* The Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuer may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when the sovereign debt issuer defaults.
- *Valuation risk:* Valuation of the 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 Fund.

**5. Risks of investing in leveraged loans**

- The risk of depreciation and realization of capital losses on investments in leveraged loans will be significantly higher than on investment grade corporate bonds and high-rated debt instruments. Further they are often subject to a higher risk of issuer default. The vulnerability to economic cycles is also higher as during economic downturns, these investments are more volatile than investment grade debt investments as investors become more risk averse and default risk rises. Borrower default risk is when a borrower is unable to make interest or principal payments to holders of its loan. Liquidity risk is when an investment cannot be sold, or can only be sold at a depressed price because of insufficient demand. When purchasing loan participations, the Fund assumes the economic risk associated with the corporate borrower and the credit risk associated with an interposed bank or other financial intermediary. In addition, investments in loans through a direct assignment include the risk that if a loan is terminated, the Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral.

**6. Risks of investing in convertible bonds**

- 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.

**7. Emerging market risk**

- The Fund may invest in emerging markets which may involve increased risks and special considerations not typically associated with investments 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.

**8. Concentration risks**

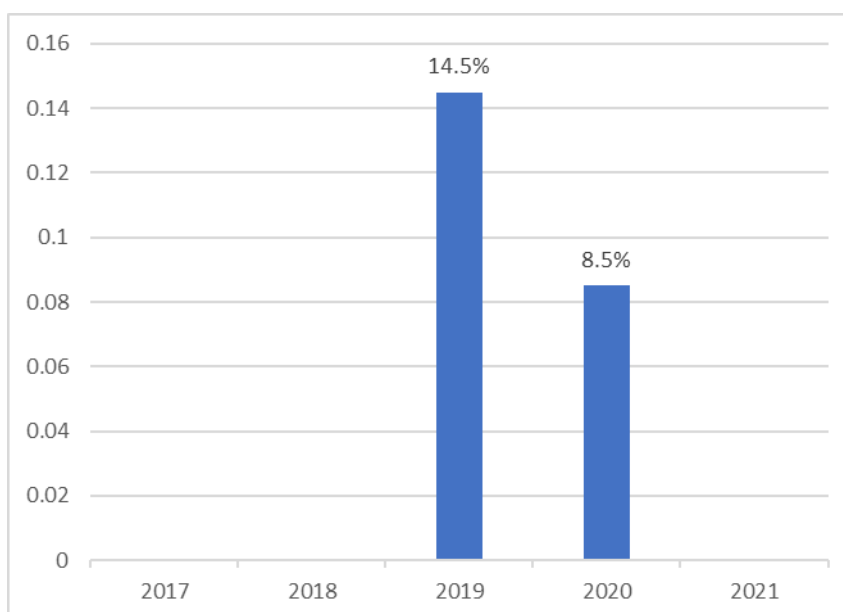
- Although the Fund does not have a geographical focus, its investment may from time to time be concentrated in a jurisdiction or region. If the Fund's investments are concentrated, the value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

**9. Hedging / derivative risk**

- The Fund may invest in FDIs for hedging purposes only and in adverse situations its use of FDIs may become ineffective and/or cause the Fund to suffer significant loss.
- Risks associated with the use of FDIs include volatility risk, credit risk, liquidity risk, management risk, valuation risk, counterparty 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 FDIs by the Fund. Exposure to FDIs may lead to a high risk of significant loss by the Fund.

**10. RMB currency risk, RMB denominated classes risk and non-hedged RMB denominated classes risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Investors may be adversely affected by movements of the exchange rates between RMB and other currencies. Currency conversion is also subject to the Fund's ability to convert the proceeds into RMB (due to exchange controls and restrictions applicable to RMB) which may also affect the 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.
- As the RMB denominated classes may not be hedged against RMB risks, depending on the exchange rate movements of RMB relative to the base currency of the Fund and/or other currency(ies) of the underlying investment of the Funds, you may still suffer losses even if there are gains or no losses in the value of the non-RMB denominated underlying investments.

**How has the fund performed?**

- 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.

- Class I USD Unit has been selected as the representative unit class of the Fund for the purpose of presenting past performance information by the Manager on the basis that Class I USD Unit is the sole class has been launched.
- These figures show by how much the Class I USD Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 07 November 2018
- Class I USD Unit launch date: 07 November 2018

### Is there any guarantee?

The 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 Fund.

#### Fees

#### What you pay

**Preliminary charge**

Up to 5% of the amount you buy

**Switching fee**

Up to 2%\* of the unit realisation price for each unit converted

**Redemption fee (i.e. realisation charge)**

Nil\*

#### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

#### Annual rate (as a % NAV)

**Management fee\***

Class A Units: 1.5%\*

Class I Units: 1.0%\*

**Performance fee**

Nil

**Trustee's fee\***

NAV of USD 0 to 200 million: 0.10% p.a.

NAV of over USD 200 to 600 million: 0.09% p.a.

NAV of over USD 600 million: 0.07% p.a.

(subject to a minimum of USD 6,000 per month)

**Administration fee**

Included in the Trustee's fee

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to pages 29 – 31 of the Explanatory Memorandum.

#### Other fees

You may have to pay other fees when dealing in the Units of the Fund. Please refer to the Explanatory Memorandum for details.

### Additional information

- The Fund's dealing cut-off time is 4:00 pm on each dealing day. Before placing your subscription or realisation orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Fund's dealing cut-off time).
- You generally buy and realise units at the Fund's NAV as at the relevant dealing day. The NAV is

generally finalised on the business day following the relevant dealing day.

- The NAV of the Fund is calculated and the price of units published on each business day on the website [www.chinaamc.com.hk](http://www.chinaamc.com.hk)<sup>1</sup>.

Investors may obtain information on the distributor(s) appointed in respect of the Fund by making a telephone enquiry with the Manager on 3406 8686.

### **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.

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