

Issuer: Bosera Asset Management (International) Co., Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager:	Bosera Asset Management (International) Co., Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Dealing frequency:	Daily
Ongoing charges over a year:	Class A Units: estimated to be 1.50% [^] Class S Units: estimated to be 0.50% [^] Class I Units: 1.25%*
Base currency:	RMB
Dividend policy:	The Manager has discretion as to whether or not the Sub-Fund will make any distribution of dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value ("NAV") per unit of the Sub-Fund ("Unit").
Financial year end of this fund:	31 December
Minimum initial investment:	Class A USD: USD 1,000 Class A RMB: RMB 10,000 Class A HKD: HKD 10,000 Class S USD: USD 1 Class I USD: USD 1,000,000

* The ongoing charges figure is based on the ongoing expenses of the respective class for the period from 1 January 2023 to 31 December 2023. It represents the sum of the ongoing expenses chargeable to the Sub-Fund for the above corresponding period expressed as a percentage of the Sub-Fund's average Net Asset Value over the same period. This figure may vary from year to year.

[^] These figures are the Manager's best estimate of the expenses and the average net asset value of the respective classes based on information available on other classes already launched with a similar fee structure, as these classes are newly established or had no asset under management during part or all of the corresponding period. The actual figures may be different upon actual operation of the classes and may vary from year to year.

	Class I HKD: HKD 10,000,000 Class I RMB: RMB 10,000,000
Minimum subsequent investment	Class A USD: USD 1,000 Class A RMB: RMB 10,000 Class A HKD: HKD 10,000 Class S USD: USD1 Class I USD: USD 100,000 Class I HKD: HKD 1,000,000 Class I RMB: RMB 1,000,000

What is this product?

The Bosera China Opportunities Bond Fund (the “Sub-Fund”) is a sub-fund of Bosera Investment Funds which is a unit trust established by a trust deed (the “Trust Deed”) dated 5 January 2012 as an umbrella fund under the laws of Hong Kong.

Objectives and Investment Strategy

Objective

The Sub-Fund aims to achieve income and long-term capital appreciation by investing in Greater China fixed income securities.

There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its total assets in fixed income securities issued or guaranteed by (i) listed or unlisted corporations which have their main operations (or majority of assets) in, or have majority of their income or revenue derived from Greater China (comprising Mainland China, Hong Kong, Macau and Taiwan), and/or (ii) governments and/or government related entities in Greater China. For the avoidance of doubt, the issuers of the fixed income securities who have a majority of their income or revenue derived from Greater China as mentioned in (i) above may be based in or outside Greater China.

The fixed income securities which the Sub-Fund may invest in include, but are not limited to, corporate bonds, government and other public securities, certificate of deposits, commercial papers, short-term notes. The Sub-Fund will not hold more than 30% of its total assets in cash or cash equivalents. The average duration of the Sub-Fund’s fixed income securities as a whole will be less than 5 years. “Total assets” means the total market value of all the assets under the Sub-Fund, including but not limited to various securities and bills purchased, the principal and interest of bank deposits, the subscription fund receivables of the Sub-Fund, and other investments, and without taking into account any liabilities.

The Sub-Fund may invest up to 100% of its total assets in fixed income securities issued by issuers who have a majority of their income or revenue derived from Mainland China. However, less than 70% of the Sub-Fund’s Net Asset Value may be invested in onshore PRC fixed income securities via the Manager’s RQFII status or in the Mainland Inter-bank Bond Market via Foreign Access Regime (as defined in the Explanatory Memorandum).

In addition, no more than 50% of the Sub-Fund’s total assets will be invested in fixed income securities which are rated below investment grade or unrated. For the purposes of the Sub-Fund,

- a fixed income security which is rated below investment grade is defined as a fixed income security which (or the issuer of which) is rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor’s, Moody’s and/or Fitch) (“Below Investment Grade”) or rated AA or below as rated by a Mainland credit rating agency. For split credit ratings, the highest rating shall apply; and
- an “unrated” fixed income security is defined as a fixed income security which neither the security itself nor its issuer has a credit rating.

If a fixed income security is unrated, then reference will be made to the credit rating of the issuer of the fixed income security. For both rated and unrated (for both the security and its issuer) fixed income securities, the Manager will assess the credit risks of the fixed income security based on quantitative and qualitative fundamentals, including but not limited to the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, the firm's competitive position and corporate governance etc. to ensure that the fixed income security is of sound credit quality.

The Sub-Fund will not invest in "Dim Sum" bonds, convertible bonds, and/or debt instruments with loss-absorption features ("LAP") (including contingent convertible bonds (Additional Tier 1 and Tier 2 Capital Instruments), senior non-preferred debt securities, instruments issued under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and other similar instruments that may be issued by banks or other financial institutions).

The Sub-Fund may engage in sale and repurchase transactions for up to 50% of its Net Asset Value. In addition, the Sub-Fund may borrow up to 10% of its Net Asset Value for the purpose of investment and meeting redemption requests or defraying operating expenses.

Cash collateral obtained in sale and repurchase transactions will only be reinvested in bonds which are of good quality and sufficiently liquid consistent with the Sub-Fund's investment objective and strategy, selected by the Manager at its discretion. The associated risks would be properly mitigated and addressed by the Manager.

The reinvestment of cash received by the Sub-Fund under sale and repurchase transactions together with the Sub-Fund's net derivative exposure shall not in aggregate exceed 50% of the Sub-Fund's Net Asset Value.

The Sub-Fund may invest in FDIs for hedging or investment purposes to the extent permitted by the investment restrictions in Chapter 7 of the Code on Unit Trusts and Mutual Funds and the Explanatory Memorandum (FDIs will not be used extensively for investment purposes).

Use of derivatives / Investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's 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 risks

- 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. Concentration risk

- The Sub-Fund's investments are concentrated in Greater China. This may result in greater volatility than portfolios which comprise broad-based global 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 Greater China market.

3. Risks associated with fixed income securities

Interest rate risk

- Investment in the Sub-Fund is subject to interest rate risk. Generally, the value of fixed income securities is expected to be inversely correlated with changes in interest rates. Where interest rates rise, the prices of the fixed income securities fall.

Volatility and liquidity risk

- Unrated or below investment grade fixed income securities may be subject to higher volatility and lower liquidity compared to investment grade fixed income securities. The prices of such fixed income securities may be subject to fluctuations. The bid and offer spread of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Credit risk and risk of credit rating downgrades

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

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

Risks associated with fixed income securities which are unrated or rated below investment grade

- The Sub-Fund may invest in fixed income securities rated below investment grade as rated by an internationally recognised credit agency or rated BB+ or below by a Mainland credit rating agency, or which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated fixed income securities.

Credit rating agency risk

- The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Valuation risk

- Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

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.

4. Emerging market risk

- The Sub-Fund will invest in emerging markets (e.g. Mainland China), which are subject to 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.

5. Risks associated with investment made through RQFII regime

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable RQFII laws, rules and regulations (including restrictions on investments and regulations on repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- The Sub-Fund may suffer substantial losses if the RQFII status of the Manager is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

6. Risks associated with China inter-bank bond market

- Investing in the China Inter-bank Bond Market via Foreign Access Regime 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 Inter-bank Bond Market via Foreign Access Regime are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China Inter-bank Bond Market, the Sub-Fund's ability to invest in the China Inter-bank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

7. Mainland taxation risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of the Sub-Fund's investments in the PRC via the Manager's RQFII status or the Foreign Access Regime (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Sub-Fund (i) will make relevant provision of 10% on interest derived from Mainland Chinese fixed income securities if withholding income tax ("WHT") is not withheld at source at the time when such income is received (where WHT is already held at source, no

provision will be made) and (ii) will not make tax provision on the gross unrealised and realised capital gains derived from disposal of fixed income securities that may be subject to Mainland China tax.

- Any shortfall between any provision made and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

8. RMB currency risk

- 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.

9. Foreign 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.

10. Risks relating to sale and repurchase transactions

- In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- Cash collateral received from sale and repurchase transactions may be reinvested. If the Sub-Fund reinvests cash collateral, such re-investment is subject to investment risks including the potential loss of principal.

11. Risks associated with investment 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/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

12. Dividends risk

- There is no assurance that the Sub-Fund will declare to pay dividends or distributions. Investors may not receive any distributions.

13. Risk associated with distribution out of capital or effectively out of capital

- Dividends may be distributable out of capital or effectively out of capital. Payment of dividends out of capital or effectively 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 investment. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

How has the fund performed?

- As there are currently no Units in issue for Class A Units, there is insufficient data to provide a useful indication of past performance to investors.
- Fund launch date: May 2014
- Investors may obtain the past performance information of the other Classes of the Fund, if available, at www.bosera.com.hk.

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.

Fee

	<u>Class A</u>	<u>Class I</u>	<u>Class S</u>
Subscription fee	up to 3%* of the subscription amount	up to 3%* of the subscription amount	Nil*
Redemption fee	Nil*	Nil*	Nil*
Switching fee (i.e. conversion fee)	1%* of the redemption proceeds payable in respect of the Units being switched		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.

	Annual rate (as a % of the Net Asset Value of the relevant class of Units)		
	<u>Class A</u>	<u>Class I</u>	<u>Class S</u>
Management fee	1.00%* per annum	0.75%* per annum	Nil
Performance fee	Nil*		
Trustee fee	Up to 0.12%*, subject to a monthly minimum of RMB25,000 or equivalent in USD		

Other fees

The Sub-Fund may have to pay other fees when dealing in the investments of the Sub-Fund.

* 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 the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional information

- You generally buy and redeem units at the Sub-Fund's Net Asset Value which is determined on the dealing day on which your request is received in good order at or before 4:00 pm (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's Net Asset Value and the latest subscription and redemption prices of units are available on the Manager's website www.bosera.com.hk (this website has not been reviewed by the SFC).
- The composition of dividends payable (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.bosera.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.