# PRODUCT KEY FACTS

## BOSERA INVESTMENT FUNDS
## Bosera Emerging Opportunities Bond Fund

September 2024

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

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|---|---|
| **Manager:** | Bosera Asset Management (International) Co., Limited |
| **Trustee:** | HSBC Institutional Trust Services (Asia) Limited |
| **Ongoing charges over a year*:** | Class A USD : 3.00%# |
| | Class A USD (Dist) : 3.00%^ |
| | Class A RMB : 3.00%^ |
| | Class A RMB Hedged : 3.00%^ |
| | Class I USD : 3.00%# |
| | Class I RMB : 3.00%^ |
| | Class I RMB Hedged : 3.00%^ |
| | Class S USD: 3.00%^ |
| **Dealing frequency:** | Daily |
| **Base currency:** | USD |
| **Dividend policy:** | In respect of Class A USD (Dist): Quarterly dividend distributions at the Manager's discretion.<br>In respect of Class A USD, Class A RMB, Class A RMB Hedged, Class I USD, Class I RMB, and Class I RMB Hedged: Discretionary, if any, at such times as the Manager considers appropriate.<br>There is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends (if any) may be paid out of capital or effectively out of capital. |
| **Financial year end of this fund:** | 31 December |
| **Minimum initial investment:** | Class A USD: USD1,000 |
| | Class A USD (Dist): USD1,000 |
| | Class A RMB: RMB10,000 |
| | Class A RMB Hedged: RMB10,000 |

* The ongoing charges figure for each class of Units is capped at a maximum of 3% of the average net asset value for each class. Any excess of ongoing expenses of the Sub-Fund will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure exceeding 3%.

# The ongoing charges figure is based on the annualised 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, annualized to give an ongoing charges figure over a year. 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 USD: USD100,000<br>Class I RMB: RMB1,000,000<br>Class I RMB Hedged: RMB1,000,000<br>Class S USD: USD1 |
| **Minimum subsequent investment** | Class A USD: USD1,000<br>Class A USD (Dist): USD1,000<br>Class A RMB: RMB10,000<br>Class A RMB Hedged: RMB10,000<br>Class I USD: USD100,000<br>Class I RMB: RMB1,000,000<br>Class I RMB Hedged: RMB1,000,000<br>Class S USD: USD1 |

## What is this product?

The Bosera Emerging 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 capital appreciation through primarily investing in global emerging-markets debt securities and emerging market currencies.

**Strategy**

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its Net Asset Value in bonds issued by governments, quasi-government entities or corporations in emerging markets countries/regions and emerging market currencies. Emerging markets include, but are not limited to, markets in Asia, Latin America, Africa, Eastern Europe and the Middle East. The Sub-Fund may also invest up to 20% of its Net Asset Value in bonds issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade and/or unrated. Such investments are based on the professional judgement of the Manager whose reasons for investment may include a favourable outlook on the sovereign issuer, potential for ratings upgrade and the expected changes in the value of such investments due to the ratings changes.

The remainder of the Sub-Fund may be invested outside of the Sub-Fund's principal geographies and asset classes, including debt instruments issued in developed and developing markets (such as US treasuries, corporate bonds, money-market instruments and deposits), funds and cash equivalents. The Sub-Fund may also invest in financial derivative instruments for hedging or investment purposes to the extent permitted by the investment restrictions under the Code on Unit Trusts and Mutual Funds (the "UT Code") and the Explanatory Memorandum (notwithstanding this, derivatives will not be extensively used for investment purposes). All of the Sub-Fund's investments will be subject to the restrictions set out in Chapter 7 of the UT Code.

The Sub-Fund will have no obligation to invest in any country/region at any given time and is not subject to any limitation on the portion of its Net Asset Value which may be invested in any one country or region, except that no more than 70% of its Net Asset Value will be invested in Mainland, including investments in offshore Mainland securities and onshore Mainland securities, and no more than 20% of its Net Asset Value will be invested in onshore Mainland securities. The Manager do not anticipate that the Sub-Fund will invest more than 30% of its Net Asset Value in any single geographical area(s) other than the Mainland.

The Sub-Fund will also have no restrictions on minimum credit ratings of the debt instruments it holds (and consequently it may hold unrated or lower rated securities), and is not subject to any limitation on the portion of its Net Asset Value which may be invested in unrated or lower rated securities.

Investments in onshore Mainland securities will be made through the Manager's status as a renminbi qualified foreign institutional investor ("RQFII") pursuant to the RQFII regulations, and via the Foreign Access Regime and/or Bond Connect (both as further described in the Explanatory Memorandum).

Up to 30% of the Sub-Fund's Net Asset Value may be invested in 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). 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 will not invest in asset backed securities (including asset backed commercial paper). The Sub-Fund will also not enter into sale and repurchase or reverse repurchase transactions, securities lending transactions or other similar over-the-counter transactions. The Sub-Fund will not seek to have any exposure to equity securities, and accordingly any holding of equity securities as may result from the conversion of convertible bonds within the Sub-Fund's portfolio will be incidental only and passive in nature. Any such equity holding will be temporary; the Sub-Fund will seek to dispose of such equity holdings as soon as practicable under the prevailing market circumstances.

## 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 and concentration risk**

- The Sub-Fund's investment in equity securities is subject to 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.
- Although the Sub-Fund has to comply with various investment restrictions, the concentration of investments in emerging markets debt securities may subject the Sub-Fund to greater volatility than portfolios which comprise broad-based global investments.

**2. Emerging market risk**

- The Sub-Fund will invest in emerging markets, which are subject to higher risks (for example, liquidity risk, currency risk, political risk, regulatory risk and economic risk) and higher volatility than more developed markets. Some emerging markets securities may be subject to brokerage or stock transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale.

**3. Risks associated with debt instruments**

*Interest rate risk*

- Generally, the value of debt instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies globally (including monetary policy and fiscal policy) may adversely impact the value of the Sub-Fund's portfolio.

*Credit risk and risk of credit rating downgrades*

- The Sub-Fund Is exposed to the credit/ default risk of issuers of the debt securities that the Sub-Fund may invest in.
- The credit rating of a debt 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 debt instruments that are being downgraded.

*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, the Net Asset Value of the Sub-Fund may need to be adjusted and may be adversely affected.

*Risks of investing in unrated or lower rated bonds*

- The Sub-Fund may invest in unrated and lower rated securities. Such securities are generally subject to a higher degree of credit risk and a lower degree of liquidity, which may result in greater fluctuations in value. The value of these instruments may also be more difficult to ascertain and thus the Net Asset Value of the Sub-Fund may be more volatile.

*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. Risks relating to the Mainland**

- Investing in emerging markets, such as the Mainland, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity, settlement, custody and regulatory risks.
- The concentration of the Sub-Fund's investments in Mainland-related companies may result in greater volatility than portfolios which comprise broad-based global investments.
- There are risks and uncertainties associated with the current Mainland tax laws, regulations and practice in respect of capital gains realised by RQFIIs on its investments in the Mainland (which may have retrospective effect). After careful consideration of the Manager's assessment and having taken and considered independent professional tax advice, the Manager considers, in accordance with such advice, that the Sub-Fund should be able to enjoy a PRC withholding income tax exemption on capital gains derived from disposal of debt instruments issued by the Mainland government or Mainland corporations and has determined to change the tax provisioning approach in respect of the Sub-Fund effective from 21 July 2014 so that it does not make any withholding income tax provision for the account of the Sub-Fund in respect of the gross realised and unrealised capital gains derived from the disposal of debt instruments issued by the Mainland government or Mainland corporations. Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's NAV. The actual tax liabilities may be lower than the tax provision made. Depending on 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).

**5. Risks associated with investments in LAPs**

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility caused by debt instruments with loss-absorption features to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.
- The Sub-Fund may invest in contingent convertible debt securities ("Cocos") which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

**6. Derivatives risk**

- Risks associated with derivatives 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 FDI may lead to a high risk of significant loss by the Sub-Fund.

**7. 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 Sub-Fund may incur significant trading costs.

**8. Foreign currency risk**

- The currency exposure of the Sub-Fund's investments is often different from the base currency of the Sub-Fund (USD), which gives rise to foreign currency risks. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The performance of the Sub-Fund may be adversely affected by unfavourable movements in the exchange rate between USD and the currencies in which the assets of the Sub-Fund are held and by changes in exchange rate controls.

**9. RMB currency risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. 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 (if any) in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**10. Risk of investing in other funds**

- The Sub-Fund may from time to time invest in other funds, and will be subject to additional costs or another layer of fees charged at the underlying funds' level. The underlying fund in which the Sub-Fund invests in may not be regulated by the SFC. There can be no assurance that an underlying fund's investment objective and strategy will be achieved successfully, and there is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.
- Conflicts of interests may arise in a situation where the Sub-Fund invests in other funds managed by the Manager or its connected persons (despite that all initial charges and, where the underlying fund is managed by the Manager, all management fees and performance fees on the underlying fund will be waived). The Manager will use its best endeavours to avoid and resolve such conflicts fairly.

**11. Risk relating to the 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 laws, rules and regulations (including restrictions on investments and 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 approval of the RQFII 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).

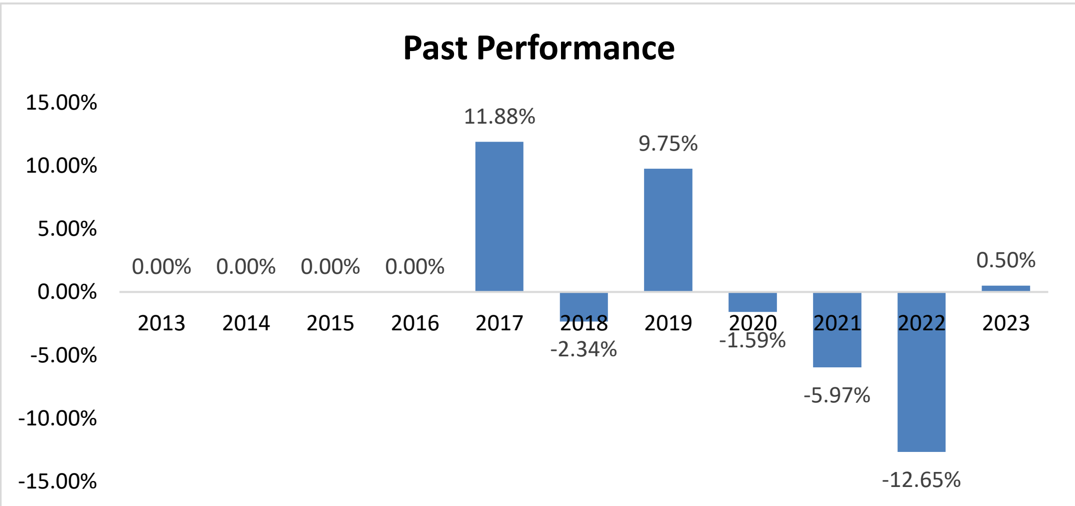
**12. Distribution out of capital risk**

- Dividends on Units may be distributable out of capital or effectively out of capital (i.e. where the Sub-Fund pays dividends out of gross income and charges/pays all or part of the fees and expenses to/out of capital resulting in an increase in distributable income). 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 distributions involving payment of dividends out of capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.
- The distribution amount and Net Asset Value of the hedged Unit classes may be adversely affected by differences in the interest rates of the reference currency of the relevant hedged Unit class and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Unit classes.

**13. Hedged class risk**

- There is no guarantee that the desired hedging instruments will be available or that the hedging techniques will be effective. Hedging can limit potential gains of a hedged class.

## 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 (if any) reinvested.
- Class A USD Units have been selected as the representative unit class of the fund for the purpose of presenting past performance information on the basis that it is the authorised retail class with the longest track record in Hong Kong.
- These figures show by how much the Class A USD Units increased or decreased in value during the calendar year shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee you might have to pay.
- Where no past performance is shown there was insufficient date available that year to provide performance.
- Fund launch date: May 2016
- Class A USD Units launch date: October 2016

## 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 | What you pay | | | | |
|---|---|---|---|---|---|
| | Class A USD<br>Class A USD (Dist) | Class A RMB<br>Class A RMB Hedged | Class I USD | Class I RMB<br>Class I RMB Hedged | Class S USD |
| Subscription fee | up to 5% of the subscription amount | | up to 3%* of the subscription amount | | nil |
| Switching fee (i.e. conversion fee) | up to 1%* of the redemption proceeds payable for the Units being switched | | | | nil |
| Redemption fee | nil* | nil* | nil* | nil* | 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) | | | | |
|---|---|---|---|---|---|
| | Class A USD<br>Class A USD (Dist) | Class A RMB<br>Class A RMB Hedged | Class I USD | Class I RMB<br>Class I RMB Hedged | Class S USD |
| Management fee | 1.00%* | 1.00%* | 0.75%* | 0.75%* | nil |
| Performance fee | N/A | | | | |
| Trustee fee | up to 0.12%*,subject to a monthly minimum of 5000 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 & other 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).
- In relation to classes of Units which may pay dividends out of capital or effectively out of capital, 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.