

Bosera Global Public Funds Series Open-ended Fund Company  
 Bosera Stable Income 18-Month Interval Offering Bond Fund – I

November 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 Sub-Fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

## Quick facts

<b>Manager:</b>	Bosera Asset Management (International) Co., Limited
<b>Custodian:</b>	CMB Wing Lung (Trustee) Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class A Shares: estimated to be 1.50% Class S Shares: estimated to be 0.90%
<b>Dealing frequency:</b>	Subscription will be allowed on each Dealing Day (Hong Kong business days) during each Offer Period (as defined below). No subscriptions will be allowed during an Investment Period (as defined below).  Redemptions and switching (to another sub-fund of the Company that accepts subscriptions) are allowed on each Dealing Day (Hong Kong business days), including during Investment Periods when the Sub-Fund is closed for subscriptions.
<b>Base currency:</b>	US Dollars
<b>Dividend policy:</b>	Class A USD: Subject to the Manager's discretion.  Class A USD – MDis, Class A HKD – MDis, Class A RMB – MDis, Class A RMB Hedged – MDis, and Class S USD – MDis: The Manager currently intends to make monthly dividend distributions, subject to its discretion.  The Sub-Fund may, at the discretion of the Manager, pay dividend out of capital or pay dividend out of gross income while charging/paying all or part of the Sub-Fund's fees and expenses to/out of capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore the Sub-Fund may effectively pay dividends out of capital of the relevant Class. Payment of dividends out of or effectively out of capital may result in an immediate reduction of the Net Asset Value ("NAV") per Share of the Sub-Fund. The Sub-Fund will not pay any distributions during Offer Periods and the first calendar month of each Investment Period (as defined below). The Manager may amend the policy with respect to the matters mentioned above subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

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Financial year end of the Sub-Fund:		31 December	
Investment Minima:			
	Class	Minimum initial investment during each Offer Period	Minimum subsequent investment during each Offer Period
	Class A USD	USD 100	USD 10
	Class A HKD - MDis	HKD 1000	HKD 100
	Class A RMB – MDis	RMB 1000	RMB 100
	Class A RMB Hedged - MDis	RMB 1000	RMB 100
	Class A USD - MDis	USD 100	USD 10
	Class S USD - MDis	USD 1	USD 1

# The ongoing charges figure is indicative only as the Sub-Fund is newly set up. It represents the sum of the estimated ongoing expenses over a 12-month period chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund's NAV. The actual figure may be different from this estimated figure and it may vary from year to year.

### What is this product?

- Bosera Stable Income 18-Month Interval Offering Bond Fund – I (the “**Sub-Fund**”) is a sub-fund of the Bosera Global Public Funds Series Open-ended Fund Company (“**Company**”), which is a public umbrella open-ended fund company, established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds.
- The Sub-Fund is an open-ended bond fund with interval offering operational feature. Each investment period of the Sub-Fund (“**Investment Period**”) is an 18-month period from the day following the end of the relevant offer period. The initial offer period is from 17<sup>th</sup> April 2023 to 28<sup>th</sup> April 2023, and the first Investment Period is from 2<sup>nd</sup> May 2023 to 31<sup>st</sup> October 2024. The second offer period is expected to be from 1<sup>st</sup> November 2024 to 14<sup>th</sup> November 2024. Following this, the second Investment Period is expected to be from 15<sup>th</sup> November 2024 to 15<sup>th</sup> May 2026. Each subsequent offer period, which will be a period of 10 Business Days, will begin immediately after the end of the previous Investment Period. The initial offer period and each subsequent offer period is each referred to as an “**Offer Period**”.
- Subscriptions will be allowed on any Dealing Day during each Offer Period. A Share may be subscribed at (during the Initial Offer Period) the initial Subscription Price as specified in the Explanatory Memorandum or (during any subsequent Offer Period) the NAV per Share of the relevant class as at the relevant Dealing Day. Shares that are unredeemed at the end of each Offer Period (which may include any unredeemed Shares from the previous Investment Period and from the relevant Offer Period) will automatically participate in the Investment Period that follows. No subscriptions will be allowed during an Investment Period.
- Shareholders may redeem their Shares on any Dealing Day during each Offer Period and each Investment Period, including after the Sub-Fund has been closed for subscriptions during an Investment Period. A Share may be redeemed at the NAV per Share of the relevant class as at the relevant Dealing Day. A redemption fee will be charged on redemptions during an Investment Period, which will be deducted from the redemption proceeds and retained by the Sub-Fund.
- A notice will be made at least one month prior to the end of each Investment Period, to (i) remind investors of the end of the relevant Investment Period, (ii) announce the start date, end date and duration of the subsequent Offer Period and the corresponding subsequent Investment Period and (iii) inform investors that (a) redemption will be allowed during the subsequent Offer Period free of redemption fee, (b) Shares that are unredeemed at the end of the subsequent Offer Period (which may include any unredeemed Shares from the then current Investment Period and from the subsequent Offer Period) will automatically participate in the subsequent Investment Period and (c) any redemption during the subsequent Investment Period will be subject to redemption fee, which will be deducted from the redemption proceeds and retained by the Sub-Fund. Such notice will be available on the Manager's website at [www.bosera.com.hk](http://www.bosera.com.hk) (this website has not been reviewed by the SFC).
- If the Manager decides not to proceed with the launch of the Sub-Fund during the Initial Offer Period, any subscription monies received during the Initial Offer Period shall be promptly returned to the subscribing investors in full (without any interest), after the close of the Initial Offer Period. Investors will be informed of the decision not to proceed with the launch of the Sub-Fund on or before the scheduled end date of the Initial Offer Period.

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- If the Manager decides not to proceed with the launch of the immediately following Investment Period during an Offer Period (other than the Initial Offer Period), e.g. due to market crash, major crisis, or any other unexpected circumstances, the Manager will, subject to the SFC's approval, terminate the Sub-Fund according to the constitutive documents (please refer to "Early termination risk" below). A termination notice (the "**Termination Notice**") will be made on or before the scheduled end date of the Offer Period and the termination will take effect no earlier than one month after the publication of the Termination Notice. Upon publication of the Termination Notice, subscriptions will not be accepted. Existing Shareholders may redeem Shares free of redemption fee during the period from the date of the Termination Notice up to the last trading day of the Sub-Fund as specified in the Termination Notice. Shareholders remaining after the last trading day will receive proceeds corresponding to the number of Shares held by them on or around the termination date according to the then NAV of the Sub-Fund and free of redemption fee. Costs associated with such termination will be borne by the Manager.
- The Sub-Fund may also be terminated during or at the end of an Investment Period in accordance with the constitutive documents and Shareholders will be given at least one month's notice prior to the termination date. Upon publication of the Termination Notice, existing Shareholders may continue to redeem Shares on any Dealing Day up to the last trading day of the Sub-Fund as specified in the Termination Notice, subject to the applicable redemption fee for redemptions during an Investment Period, which will be deducted from the redemption proceeds and retained by the Sub-Fund. Shareholders remaining after the last trading day will receive proceeds corresponding to the number of Shares held by them on or around the termination date according to the then NAV of the Sub-Fund and free of redemption fee. Costs associated with such termination will be borne by the Manager.
- Capitalised terms in this statement have the meanings as ascribed to them in the Explanatory Memorandum., unless otherwise defined.

### Investment Objectives and Strategy

#### Objective

The Sub-Fund aims to achieve stable income and total return by primarily investing in a portfolio of Greater China fixed income securities. The Sub-Fund will mainly adopt a buy-and-hold strategy with active risk monitoring to diversify risk and expand dividend sources during each 18-month Investment Period.

For the avoidance of doubt, the Sub-Fund is not a guarantee or capital protected product. There can be no assurance that the Sub-Fund will achieve its investment objective.

#### Strategy

##### Fixed income investments

Over each Investment Period, the Sub-Fund seeks to achieve its investment objective by primarily investing at least 70% of the Sub-Fund's total assets in fixed income securities denominated in USD and 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 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. "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 will invest in aggregate no more than 20% of its NAV in onshore 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).

At least 70% of the Sub-Fund's total assets will be invested in fixed income securities of which maturity or remaining investment term will be shorter than the Sub-Fund's each 18-month Investment Period.

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 or guarantor 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, its issuer nor its guarantor has a credit rating.

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If a fixed income security is unrated, then reference will be made to the credit rating of the issuer or guarantor of the fixed income security. For both rated and unrated (for either the security, its issuer or guarantor) 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 fixed income securities which the Sub-Fund may invest in include, but are not limited to, certificate of deposits, bonds, convertible bonds, "Dim Sum" bonds and debt securities with loss-absorption features ("LAPs").

The Sub-Fund may invest up to 20% of its NAV in aggregate in convertible bonds and "Dim Sum" bonds.

The Sub-Fund may invest in LAPs, 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's expected total maximum investments in LAPs will be not more than 30% of its NAV.

Furthermore, up to 30% of the Sub-Fund's NAV may be invested in urban investment bonds (城投債), which are debt instruments issued by Mainland local government financing vehicles ("LGFVs"). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

### Sale and repurchase transactions, financial derivative instruments ("FDIs") and borrowing

The Sub-Fund may employ leverage by engaging in sale and repurchase transactions and borrowing. The Sub-Fund may borrow up to 10% of its NAV 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 NAV.

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 and the Explanatory Memorandum (FDIs will not be used extensively for investment purposes).

### Cash or cash equivalents

The Manager will seek for the Sub-Fund to be fully invested during each Investment Period, but may hold up to 40% of the total assets in cash or cash equivalents during each Investment Period on an ancillary and temporary basis, in the first three months of each Investment Period or in circumstances such as but not limited to satisfy large redemption request, market crash or major crisis, or the reinvestment of cash proceeds from (a) fixed income instruments maturing before the end of each Investment Period or being called prior to the fixed income instrument's maturity, or (b) the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Manager.

In the three-month period immediately preceding the end of each Investment Period, the Sub-Fund may invest more than 40% (and may invest eventually up to 100%, depending on prevailing market conditions) of its total assets in cash or cash equivalents solely for the purpose of facilitating a timely realisation of the Sub-Fund's investments at market value, and in order to meet redemption requests in the following Offer Period. The Sub-Fund will invest at least 70% of its NAV in cash or cash equivalent (including up to 20% of the Sub-Fund's NAV in SFC authorised money market funds) during each Offer Period, with any remainder invested in fixed income securities with remaining maturity or investment term ending after the previous Investment Period.

## **Use of derivatives / Investment in derivatives**

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 NAV.

## **What are the key risks?**

**Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.**

### 1. Investment risk

- 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. Neither income, return nor capital of the Sub-Fund is guaranteed or protected

- There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. Neither the income, the return nor the capital of the Sub-Fund is guaranteed. Investment in the Sub-Fund may decline in value and investors should be prepared to sustain a substantial or total loss of their investment.

### 3. Liquidity risk

- The Sub-Fund may be adversely affected by a decrease in market liquidity for the securities in which it invests where some of the Sub-Fund's securities may become illiquid and the Sub-Fund may experience difficulties in selling securities at a fair price within a timely manner. This could impact the Sub-Fund's ability to meet redemption requests on demand. To satisfy redemption requests during an Investment Period, the Sub-Fund may also need to liquidate some positions prematurely at an inopportune time or on unfavourable terms. The value of the Sub-Fund may therefore be adversely affected (see also "Substantial redemption risk" below).

### 4. Risk associated with interval offering operation feature

- A redemption fee will be charged on redemptions during an Investment Period, which will be deducted from the redemption proceeds and retained by the Sub-Fund. Shares that are unredeemed at the end of each Offer Period (which may include any unredeemed Shares from the previous Investment Period and from the relevant Offer Period) will automatically participate in the Investment Period that follows. No redemption fee will be charged on redemptions during an Offer Period.

### 5. Fixed Investment Period risk

- Each Investment Period of the Sub-Fund is 1.5 years (i.e. 18 months). Although investors are entitled to redeem their holdings in the Sub-Fund during an Investment Period, they are advised to consider whether the expected Investment Period of 1.5 years is suitable for their intended objectives before they invest in the Sub-Fund. The Sub-Fund may also be terminated during or at the end of an Investment Period in accordance with the constitutive documents. The Sub-Fund may also be obliged to liquidate its entire portfolio holdings regardless of the market conditions at the relevant time in case of abnormal market circumstances.
- In view of the Sub-Fund's operational features, in case investors redeem from the Sub-Fund during an Investment Period, (a) redemption proceeds may be lower or higher than the investors' initial investments and there is no guarantee that the investor will receive the full amount of their original investment; (b) decrease in fund size of the Sub-Fund resulting from the redemptions will have an immediate impact on the ongoing charges, and may lead to adverse impact on investors' return; (c) redemptions by investors prior to the end of each Investment Period, if significant, may trigger the early termination of the Sub-Fund; and (d) deterioration in the liquidity of the Sub-Fund's underlying investments may also affect the Sub-Fund's ability to pay out redemption or termination proceeds to investors.

### 6. Prepayment and reinvestment risk

The issuers of fixed income instruments may repay principal before the maturity of the instruments. Prepayments may cause losses on instruments purchased at a premium. Unscheduled prepayments for fixed income instruments recalled at par may result in a loss equal to any unamortised premium. Repayment of principal before each Investment Period's maturity as well as the reinvestment of cash proceeds from the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Manager or proceeds received from instruments maturing before the end of each Investment Period create out of market risk and the uncertainty of gaining access to fixed income instruments delivering similar yield to maturity, thus resulting in lower interest income and returns to the Sub-Fund.

### 7. Substantial redemption risk

- If there are substantial redemptions within a short period of time, the Sub-Fund may need to liquidate some positions prematurely at an inopportune time or on unfavourable terms. The value of the Sub-Fund may therefore be adversely affected. In addition, the resulting decrease in the size of the Sub-Fund may immediately increase the ongoing charges of the Sub-Fund as a percentage of the Sub-Fund's NAV and may have an adverse impact on investors' return. Substantial redemptions may render the size of the Sub-Fund to shrink significantly and trigger the Sub-Fund to be terminated early (see "Early Termination Risk" above), and may affect the Sub-Fund's ability to pursue its investment objective.
- In the event the size of the Sub-Fund shrinks significantly due to substantial redemption, the Manager may need to make use of fair valuation adjustment and liquidity risk management tools more frequently than a fund which is open to subsequent subscription on each dealing day. In that case, the NAV of the Sub-Fund may be adversely affected.

**8. Early termination risk**

- The Sub-Fund may be terminated by the Manager in the manner as described in the constitutive documents, for example, where the NAV of the Sub-Fund is less than USD 30 million at any time after 1 year from the date of the first issue of Share relating to the Sub-Fund. It is possible that certain investments held by the Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to investors. Investors should note that the amount distributed to them upon termination of the Sub-Fund may be less than the amount of their initial investment. At least one month prior notice will be given to Shareholders in case of early termination of the Sub-Fund.

**9. Limited subscription risk**

- The Manager may exercise its discretion not to proceed with (i) the launch of the Sub-Fund during the Initial Offer Period or (ii) the launch of the immediately following Investment Period during a subsequent Offer Period. In such case, investors will be informed of the decision not to proceed with the launch of the Sub-Fund and/or the termination of the Sub-Fund (as the case may be) on or before the scheduled end date of the relevant Offer Period. In the event that the Sub-Fund is to be so terminated, the termination will take effect no earlier than one month after the publication of the Termination Notice.
- In addition, the Sub-Fund will be closed to subsequent subscriptions after each Offer Period and no subsequent subscription to the Sub-Fund will be accepted, until the next Offer Period.

**10. Concentration risk**

- As the Sub-Fund will invest primarily in Greater China fixed income securities denominated in USD, 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 Asia (in particular China) market.
- Since the Sub-Fund invests primarily in a portfolio of fixed income instruments denominated in USD, the value of the Sub-Fund may be subject to greater volatility than a broad-based fund that adopts a more diversified strategy. This may have an adverse impact on the Sub-Fund and its investors.

**11. Risk of investing in fixed income instruments**

- *Interest rate risk:* Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates may adversely impact the value of the Sub-Fund's fixed income portfolio.
- *Volatility and liquidity risk:* The fixed income securities in certain 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.
- *Credit risk:* Investment in fixed income securities is subject to the credit risk of the security or its issuers and its guarantors (if applicable), who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers or the guarantor of the fixed income securities held by the Sub-Fund, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.
- *Credit ratings risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer and/or guarantor at all times.
- *Credit rating agency risk:* In respect of onshore fixed income securities, 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.
- *Purchase at premium risk:* If a fixed income instrument is acquired by the Sub-Fund at a premium, the Sub-Fund will suffer a loss if the coupon payments of that fixed income instrument cannot cover the premium.
- *Downgrade risk:* The Manager may or may not be able to dispose of the securities or securities whose issuers or guarantors that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers or guarantors who will generally be incorporated outside of Hong Kong and therefore not subject to the laws of Hong Kong.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the NAV calculation of the Sub-Fund.
- *Risks of investing in below investment grade and unrated bonds:* The Sub-Fund may invest in fixed income instruments which (or the issuers or guarantors of which) are rated below investment grade or which may not be rated by any rating agency of an international standard. Such instruments are generally subject to a higher degree of volatility and

credit risk, a lower degree of liquidity and greater risk of loss of principal and interest than high-rated debt securities, which may result in greater fluctuations in value and, consequently, the NAV of the Sub-Fund.

- *Sovereign debt risk:* The Sub-Fund's investments 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.
- *Risks relating to investment in urban investment bonds:* Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the NAV of the Sub-Fund could be adversely affected.
- *Counterparty risk:* Investment in fixed income instruments may expose the Sub-Fund to counterparty default risks. Exchange traded fixed income instruments may be subject to counterparty risk, although such risk is mitigated by a centralised clearing system. On the other hand, the degree of counterparty risk may be higher in the over-the-counter (OTC) market. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction. The value of the Sub-Fund may therefore be adversely affected.

**12. Emerging market risk**

- The Sub-Fund invests in emerging markets (i.e. Mainland China) which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/controls, political and economic uncertainties, policy, legal or regulatory event and taxation risks, settlement risks, custody risks and the likelihood of a higher degree of volatility.

**13. Currency and foreign exchange risk**

- The Sub-Fund may issue classes denominated in a currency other than the base currency of the Sub-Fund. Also, the Sub-Fund may be invested in part in assets quoted in currencies other than its base currency or the relevant class currency. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

**14. Risks associated with investment in FDIs**

- Risks associated with FDIs 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.

**15. Hedged classes risk**

- Hedging strategies in connection with hedged share classes may be entered into. There is no guarantee that hedging techniques will fully and effectively achieve their desired result and hedging may become inefficient or ineffective. Hedging strategies may also prevent investors from benefiting from an increase in the value of the Sub-Fund's base currency relative to the relevant class currency. This may have an adverse impact on the Sub-Fund and its investors.

**16. Risks associated with investments in debt instruments with loss-absorption features**

- 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 a pre-defined trigger event (e.g. when the issuer is near or at the point of nonviability 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 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, commonly known as 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.

**17. Risk 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, adverse market movements in the value of

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the collateral, intra-day increase in the value of the securities, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded.

### 18. Re-investment of cash collateral risk

- The Sub-Fund may re-invest any cash collateral. Investors should note that there are risks associated with the re-investment of cash collateral. If a Sub-Fund reinvests cash collateral, such re-investment is subject to investment risks including the potential loss of principal.

### 19. RMB currency risk

- The Sub-Fund has Classes of Shares denominated in RMB and may have exposure to investments which are denominated in RMB. 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.

### 20. Dividends risk / Distributions payable out of capital or effectively out of capital risk

- There is no guarantee that any dividends will be distributed and thus investors may not receive any distributions. Where there is a distribution, there will not be a target level of dividend pay-out.
- Payment of dividends out of capital and/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 investments. Any such distributions may result in an immediate reduction of the NAV per Share of the relevant class.
- The distribution amount and NAV of the hedged share class(es) may be adversely affected by differences in the interest rates of the reference currency of the hedged share class(es) 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 share classes.

## How has the Sub-Fund performed?

Since the Sub-Fund is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

## Is there any guarantee?

The 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 Shares of the Sub-Fund.

Fee	What you pay			
	Investment Period		Initial Offer Period/Subsequent Offer period	
	Class A	Class S	Class A	Class S
Subscription fee <sup>^</sup>	No subscription allowed during each Investment Period		Up to 3% <sup>#</sup> of the subscription amount	Nil
Switching fee <sup>^</sup> (i.e. conversion fee)	Up to 1% <sup>***</sup> of the redemption price for each Share converted	Nil	Up to 1% <sup>***</sup> of the redemption price for each Share converted	Nil
Redemption fee <sup>^</sup>	1 <sup>st</sup> -12 <sup>th</sup> month of Investment Period: 2% <sup>**</sup> of the redemption price 13 <sup>th</sup> -18 <sup>th</sup> month of Investment Period: 1% <sup>**</sup> of the redemption price		Nil	



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<sup>^</sup> Investors may be subject to pricing adjustments for an amount normally not exceeding 1% of the relevant Net Asset Value when they subscribe, redeem or switch (if applicable) Shares of the Sub-Fund. For details, please refer to the section headed “Adjustment of Prices” in the main body of the Explanatory Memorandum. For the avoidance of doubt, pricing adjustments are not included in the subscription fee, the redemption fee or the switching fee.

\* The redemption fee will be deducted from the redemption proceeds and retained by the Sub-Fund.

\*\* The switching fee will be deducted from the redemption proceeds and retained by the Manager. This is payable in addition to the applicable redemption fee (if any).

### Ongoing fees payable by the Sub-Fund

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

Fee	Annual rate (as a % of the Sub-Fund’s value)	
	Class A	Class S
<b>Management fee<sup>#</sup></b>	0.60% per annum of the NAV of the relevant class of Shares	Nil
<b>Performance fee</b>	Nil	
<b>Custodian fee<sup>#</sup></b>	Up to 0.1%, subject to a minimum monthly fee of HK\$5,000	

### Other fees

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

<sup>#</sup> Please note that some fees may be increased up to a permitted maximum amount by providing one month’s prior notice to Shareholders. Please refer to the section headed “Expenses and Charges” in the Explanatory Memorandum for further details of the fees and charges payable and the permitted maximum of such fees allowed, as well as other ongoing expenses that may be borne by the Sub-Fund.

### **Additional information**

- You generally buy and redeem Shares at the Sub-Fund’s next-determined NAV after the Custodian receives your request, directly or via a distributor, in good order at or before 4:00p.m., being the Sub-Fund’s dealing cut-off time on each dealing day of the Sub-Fund. Before placing your subscription or redemption orders, 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 NAV of the Sub-Fund is calculated and the price of Shares published each business day on the website [www.bosera.com.hk](http://www.bosera.com.hk) (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and on the website [www.bosera.com.hk](http://www.bosera.com.hk) (this website has not been reviewed by the SFC).
- You may obtain information on the distributor(s) in respect of the Sub-Fund by contacting the Manager at [2537 6658].
- You may obtain the past performance information of other classes (when available) offered to Hong Kong investors on the website [www.bosera.com.hk](http://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. SFC registration and authorization do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or its performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.