

Bosera Global Public Funds Series Open-ended Fund Company

Bosera Global Short Duration Investment Grade Bond Fund

January 2025

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

**Manager:** Bosera Asset Management (International) Co., Limited

**Custodian:** CMB Wing Lung (Trustee) Limited

**Ongoing charges over a year<sup>#</sup>:**

|                                       |
|---------------------------------------|
| Class A Shares: estimated to be 2.00% |
| Class I Shares: estimated to be 1.50% |
| Class S Shares: estimated to be 1.00% |

**Dealing frequency:** Daily (provided it is a business day in Hong Kong)

**Base currency:** US Dollars (USD)

**Dividend policy:** Class A (except for Class A USD – MDis, Class A RMB – MDis and Class A HKD – MDis), Class I and Class S Shares: Subject to the Manager's discretion.

Class A HKD – MDis, Class A RMB – MDis and Class A USD – MDis Shares: The Manager currently intends to make monthly dividend distributions, subject to its discretion.

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 share of the Sub-Fund ("Share").

**Financial year end of the Sub-Fund:** 31 December

| Investment Minima: | Class              | Minimum initial investment | Minimum subsequent investment |
|--------------------|--------------------|----------------------------|-------------------------------|
|                    | Class A HKD        | HKD 500                    | HKD 50                        |
|                    | Class A HKD - MDis | HKD 500                    | HKD 50                        |
|                    | Class A RMB        | RMB 500                    | RMB 50                        |
|                    | Class A RMB - MDis | RMB 500                    | RMB 50                        |
|                    | Class A USD        | USD 100                    | USD 10                        |
|                    | Class A USD - MDis | USD 100                    | USD 10                        |
|                    | Class I HKD        | HKD 5,000,000              | HKD 50,000                    |
|                    | Class I RMB        | RMB 5,000,000              | RMB 50,000                    |
|                    | Class I USD        | USD 1,000,000              | USD 10,000                    |
|                    | Class S USD        | USD 1                      | USD 1                         |

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# 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 relevant Class expressed as a percentage of the NAV of the relevant Class. The actual figure may be different from this estimated figure and it may vary from year to year.

### What is this product?

Bosera Global Short Duration Investment Grade Bond Fund (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.

### Objectives and Investment Strategy

#### Objective

The Sub-Fund aims to maximise the total return by primarily investing in a portfolio of investment grade short-term fixed income securities issued globally with an average duration across the portfolio of not more than 3 years.

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

#### Strategy

##### Fixed income investments

At least 70% of the Sub-Fund’s total assets will be invested in fixed income securities issued or traded in the global debt securities markets (including certificate of deposits, bonds, convertible bonds, debt securities with loss-absorption features (“**LAPs**”) and “**Dim Sum**” bonds, i.e. bonds issued outside China but denominated in RMB), with maturity no longer than 3 years. The average duration of the Sub-Fund’s debt investments as a whole will be not more than 3 years. The issuers of such fixed income securities are listed or unlisted corporations domiciled in, or exercising the predominant part of their economic activity in countries or regions including, but not limited to, Mainland China, Hong Kong, Singapore, Japan, Korea, Malaysia, Taiwan, US, UK, the EU countries, and government and/or government related entities globally.

“**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.

While the Sub-Fund has no particular focus in terms of geographical region in the selection of such investments, the Manager may invest less than 50% of the total assets in fixed income securities concentrated in any one country or region from time to time. Besides, the Sub-Fund’s aggregate exposure to investments (direct or indirect) to onshore Mainland China securities will not exceed 20% of its NAV via the Manager’s RQFII status, Bond Connect and/or Foreign Access Regime (as defined in the main body of the Explanatory Memorandum). Debt securities may be issued or traded in developed markets or emerging markets. There is no set proportion between investments in developed markets and emerging markets, therefore investments in emerging markets may be up to 100% of the Sub-Fund’s NAV.

The Sub-Fund may invest no less than 70% of its total assets in fixed income securities carrying investment grade rating. For the purpose of the Sub-Fund:

- A fixed income security which is rated investment grade is defined as a fixed income security which (or the issuer or guarantor of which) is rated equal or higher than BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor’s, Moody’s and/or Fitch) or rated AA+ or above 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.

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 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.

In a case that the Manager foresees any event of downgrade, removal of rating or default of the issuers of a fixed income or debt instrument, which is the usual case, the Manager will rebalance the Sub-Fund’s portfolio prior to the occurrence of such event. If the Manager cannot foresee such event, it will remove the instrument from the Sub-Fund’s portfolio as soon as practicable in view of the market circumstances after the occurrence of such event, taking due account of the interests of the Sub-Fund’s investors. In any event, the rectification will be carried out within a reasonable period and will be done in a gradual and orderly manner in light of the then prevailing market conditions.

The Sub-Fund may invest up to 30% of its NAV in each of convertible bonds and perpetual bonds with the perpetual call within 5 years. Perpetual bonds are bonds without a fixed maturity date; perpetual bonds with perpetual call within 5 years refer to those perpetual bonds of which the issuers may exercise their rights to call or redeem within 5 years. In the event convertible bonds are converted into shares, the Manager will arrange for the shares to be sold within 10 business days.

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Up to 30% of the Sub-Fund's NAV may be invested in LAPs (including contingent convertible bonds ("CoCos") (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).

Up to 30% of the Sub-Fund's NAV may be invested in urban investment bonds (城投债), 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.

### Other investments

Exposure to fixed income securities may be obtained indirectly through exchange traded funds ("ETFs") or other collective investment schemes and financial derivative instruments ("FDIs") such as participation notes, futures and options consistent with the Sub-Fund's investment objective and strategy.

The Sub-Fund may hold no more than 30% of NAV in cash or cash equivalents (including money market funds). Investments in money market funds will be subject to the restrictions below on collective investment schemes. Under exceptional circumstance (e.g. where there is a market crash or major crisis affecting the market), if the Manager deems appropriate or considers it in the best interest of the Sub-Fund, the Sub-Fund may hold up to 100% of its NAV in cash, cash equivalents, deposits and/or invest directly in money market instruments (such as treasury bills, certificates of deposits, commercial papers and bankers' acceptance etc.) on a temporary basis for liquidity management and/or defensive purpose.

The Sub-Fund may invest no more than 20% of its NAV in one or more collective investment scheme(s), including but not limited to money market funds and ETFs. Such collective investment schemes may be managed by the Manager or its Connected Persons or other third parties. Within the foregoing 20% limit on collective investment scheme(s), the Sub-Fund may invest up to 10% of its NAV in one or more collective investment scheme(s) which are non-eligible schemes and not authorised by the SFC, and any other collective investment scheme(s) that the Sub-Fund may invest in are either eligible schemes or authorised by the SFC.

The Sub-Fund may engage in sale and repurchase transactions for up to 50% of its NAV. In addition, 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 SFC's 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 its 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. 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 shares of the Sub-Fund may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-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. Emerging market risk**

- The Sub-Fund will invest in emerging markets such as Mainland China, which are subject to higher risks (for example, liquidity risk, currency risk, political risk, regulatory risk, legal and taxation risks, settlement risk, custody risk and economic risk) and higher volatility than more developed markets.

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- Some emerging markets securities may be subject to brokerage 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.

### 4. 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: Investment in debt instruments is subject to the credit/default risk of the issuers and the guarantor (if applicable) which may be unable or unwilling to make timely payments of principal and/or interest.
- Volatility and liquidity risk: The debt securities 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 fluctuation. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.
- Credit rating risk and risk of credit rating downgrades: 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. The credit rating of a debt security, its issuer or its guarantor may also be subsequently downgraded, which may adversely affect the value of the Sub-Fund. In such events, the Sub-Fund may also be subject to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings at a reasonable price or at all. Besides, 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, the NAV may need to be adjusted and may be adversely affected.
- Risk of investing in debt securities which are rated below investment grade or are unrated: The Sub-Fund may invest in debt securities which are rated below investment grade or are unrated. Such securities are generally subject to a higher degree of credit risk, a lower degree of liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- 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.

### 5. Concentration risk

- Although the Sub-Fund has no particular focus in terms of geographical region and it may invest in global debt securities, the Manager may occasionally invest significantly but less than 50% of the NAV in debt securities concentrated in any one region or country. Therefore, the value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting those markets and its value may be more volatile than that of a fund having a more diverse portfolio of investments.

### 6. 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 or market movements.

### 7. Risk relating to re-investment of cash collateral

- 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.

### 8. Convertible bonds ("CBs") risk

- CBs are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. While CBs generally offer lower interest or dividend yields than non-convertible debt securities of similar quality, the price of a convertible bond will normally vary with changes in the price of the underlying stock. Investors should be prepared for exposure to equity movement and greater volatility than straight bond investments, with an increased risk of capital loss. Investments in CBs are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

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### 9. Risk associated with investment in contingent convertible bonds

- The Sub-Fund may invest in 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.

### 10. 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 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.

### 11. Risks relating to urban investment bonds

- Urban investment bonds are issued by LGFVs. Such bonds are typically not guaranteed by local governments or the central government of the Mainland. 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.

### 12. RMB currency and RMB denominated classes risk

- The RMB is not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the Chinese government. Such government policies and restrictions are subject to change, and there can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.
- 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.

### 13. 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 a derivative instrument can result in a loss significantly greater than the amount invested in the derivative instrument by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

### 14. Risk associated with distribution out of/effectively out of the Sub-Fund's capital

- 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 Sub-Fund.

## 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.

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| Fee                                 | What you pay                                               |         |
|-------------------------------------|------------------------------------------------------------|---------|
|                                     | Class A and Class I                                        | Class S |
| Subscription fee                    | Up to 3% of the subscription amount                        | Nil     |
| Switching fee (i.e. conversion fee) | Up to 1%* of the redemption price for each Share converted | Nil     |
| Redemption fee                      | Nil                                                        | Nil     |

### 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 I | Class S |
| Management fee                   | 1.00%*                                                       | 0.50%*  | Nil     |
| Performance fee                  | Nil                                                          |         |         |
| Custodian and administration fee | Up to 0.10%*, subject to a minimum monthly fee of US\$2,500. |         |         |

### Other fees

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

\* 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 fee 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.