

Issuer: China Asset Management  
(Hong Kong) Limited

# PRODUCT KEY FACTS

## ChinaAMC Investment Trust

### ChinaAMC China Focus Fund



March 2021

- *This statement provides you with key information about the ChinaAMC China Focus Fund (the “Fund”).*
- *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

<b>Manager</b>	China Asset Management (Hong Kong) Limited
<b>Trustee:</b>	Cititrust Limited
<b>Custodian:</b>	Citibank, N.A. (Hong Kong branch)
<b>Ongoing charges over a year<sup>#</sup>:</b>	(without performance fee): 2.61% (with performance fee): 3.54%
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	US Dollars (USD)
<b>Dividend policy:</b>	Nil
<b>Financial year end of the Fund:</b>	31 December

<b>Minimum investment:</b>	<b>Class of units</b>	<b>Initial</b>	<b>Additional</b>
	AUD Units	AUD 1,000	AUD 1,000
	EUR Units	EUR 1,000	EUR 1,000
	GBP Units	GBP 1,000	GBP 1,000
	HKD Units	HKD 1,000	HKD 1,000
	SGD Units	SGD 1,000	SGD 1,000
	USD Units	USD 1,000	USD 1,000

<sup>#</sup> A single ongoing charges figure is calculated and published as all Classes of Units have the same fee structure. The ongoing charges figures are based on expenses for the year ended 31 December 2020. These figures may vary from year to year. They represent the sum of the ongoing expenses chargeable to the relevant Class expressed as a percentage of the average net asset value of such Class.

## **What is this product?**

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

## **Objective and Investment Strategy**

### **Objective**

To provide unitholders with long term capital growth through exposure to the equities and equity-related instruments of Mainland China-related companies.

### **Strategy**

The investment strategy of the Fund seeks to take investment exposure to companies which are headquartered in or have significant business exposure to Mainland China. The Manager will select Mainland China-related companies based on their respective merits and through analysis of macroeconomic factors.

It is expected that approximately 70% to 100% of the Fund’s portfolio will be invested directly and indirectly in equity securities issued by companies which are listed or being offered in an initial public offer on official stock markets in Hong Kong, Mainland China (A Share and B Share markets), the United States, Singapore, and other countries or regions. The investment in Mainland China market, namely including but not limited to A Shares, and B Shares, Onshore RMB Bonds and such other financial instruments permitted under applicable PRC regulations will not be more than 20% of the Fund’s Net Asset Value. For the avoidance of doubt, the Fund does not invest in the Mainland China market other than through A Shares and B Shares. In other words, it does not invest in onshore RMB bonds or such other financial instruments in the Mainland China market permitted under applicable PRC regulations.

The Fund will gain exposure to the A Share market by investing in access products and via the “Stock Connect”, which comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. It is expected that access products and investment via the Stock Connect will generally account for up to approximately 20% of the Fund’s net asset value. An access product is a form of financial derivative instrument, in respect of which the issuer is obliged to pay to the Fund an economic return equivalent to holding the underlying A Shares, without providing any equitable entitlement or interest in the relevant A Shares. The Manager may also invest up to 10% of the Fund’s portfolio in physical A Share ETFs and/or synthetic A Share ETFs. The Fund will not hold more than 10% of any units issued by any single physical A Share ETF or synthetic A Share ETF. Investments in A Share ETFs are considered as investments in equity securities.

The Fund’s portfolio may also be partially allocated to cash and/or cash based instruments (such as short- term fixed deposits) but it is expected such allocation will not exceed 30% of the Fund’s net asset value. The Fund may also use financial derivative instruments (including index futures, index options and index and currency swaps) to hedge market and currency risk only.

## **Use of Derivatives / Investment in Derivatives**

The Fund's net derivative exposure may be up to 50% of its Net Asset Value.

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

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

#### **1. Investment risk**

- The Fund is an investment fund. There is no guarantee of the repayment of principal. The instruments invested by the Fund may fall in value.

#### **2. Mainland China/single country/region investment risk**

- Investing in Mainland China-related companies and in Mainland China markets involve certain risks and special considerations not typically associated with investment in more developed economies or markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risk.
- The concentration of the Fund's investments in Mainland China-related companies may result in greater volatility than portfolios which comprise broad-based global investments.

#### **3. Counterparty risk of access products**

- The Fund will obtain exposure of up to approximately 20% of its net asset value to the A Share market, partly or fully by investing into access products, meaning that the Fund will be exposed to the counterparty risk of the issuer of the access products. If an issuer of an access product defaults, the Fund may be exposed to potential losses equal to the full value of that access product.

#### **4. Risk of limited access products**

- The availability of access products is limited by applicable regulations in Mainland China, and as a result the cost of investing in access products is subject to market supply and demand forces. Where the market supply is low relative to market demand, acquiring further access products may involve a relatively higher cost or a premium, which may affect the Fund's overall performance.

#### **5. Risk associated with the QFII system**

- The current QFII policy and rules are subject to change and any such change could adversely impact the Fund's investments in access products.

#### **6. Risk in equity investment**

- The Fund is subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such

securities is impossible and the Fund may be subject to losses.

#### **7. Risks in the A Share market**

- The A Share market is considered volatile and unstable, with the risk of suspension of a particular stock or government intervention. It is undergoing a period of growth and change which may lead to difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations. Investments in A Shares by the Fund and the relevant QFII are subject to restrictions on the proportion of foreign shareholdings imposed in the Mainland China. The Fund may therefore be subject to a higher degree of volatility.

#### **8. Risks associated with the Stock Connect**

- The Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong. The Stock Connect is novel in nature. The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.
- The Stock Connect is subject to quota limitations which may restrict the Fund's ability to invest in A Shares through the programme on a timely basis. Where a suspension in the trading through the programme is effected, the Fund's ability to access the Mainland China market through the programme will be adversely affected. The programme requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. In the event that the Fund's ability to invest in A Shares through the Stock Connect on a timely basis is adversely affected, the Manager will rely on A Share access products to achieve the Fund's investment objective.

#### **9. Risks associated with A Share ETFs**

- The Fund may invest up to 10% of its NAV in A Share ETFs (including physical A Share ETFs and synthetic A Share ETFs). The Fund will be subject to the fees and charges of the relevant A Share ETFs and any tracking error of the A Share ETFs may also adversely affect the performance of the Fund. There is no guarantee that these A Share ETFs will achieve their respective investment objectives.
- In particular, synthetic ETFs invest in derivative instruments such as access products to obtain A Share exposure. They are subject to risks related to access products outlined above. They may also have higher tracking error as compared to physical A Share ETFs due to factors including costs of acquiring and holding derivative instruments, availability of derivative instruments and foreign ownership restrictions. These risks may have a negative impact on the performance of the Fund.

#### **10. Mainland China tax risk**

- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of gains realised by QFIIs (such as issuers of access products) on selling of A Shares or Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Corporate income tax ("CIT") on gains derived by QFIIs (such as issuers of access products) from the trading of A Shares (such as those underlying the access products) is temporarily exempted. As such, neither the issuers of access products nor the Fund makes any provision for gross realised or unrealised capital gains derived from exposure to A Shares via access products from November 17, 2014. Based on professional and independent tax advice, no provision for gross realised or unrealised capital gains derived from trading of A Shares via the Stock Connect is

made by the Manager on behalf of the Fund.

- It should be noted, however, that the actual applicable tax rates imposed by the SAT may be different and may change from time to time. In particular, the exemption of CIT on capital gains realised by QFIIs from the trading of A Shares is given on a temporary basis, and, as such, as and when the Mainland China authorities announce the expiration of such exemption, issuers of access products may need to recommence provisioning for future potential tax liability, which would in turn adversely affect the net asset value of the Fund. In case the amount withheld or reserved is insufficient to settle the actual tax liability, the shortfall will be met out of the assets of the Fund and its net asset value may decrease as a result.

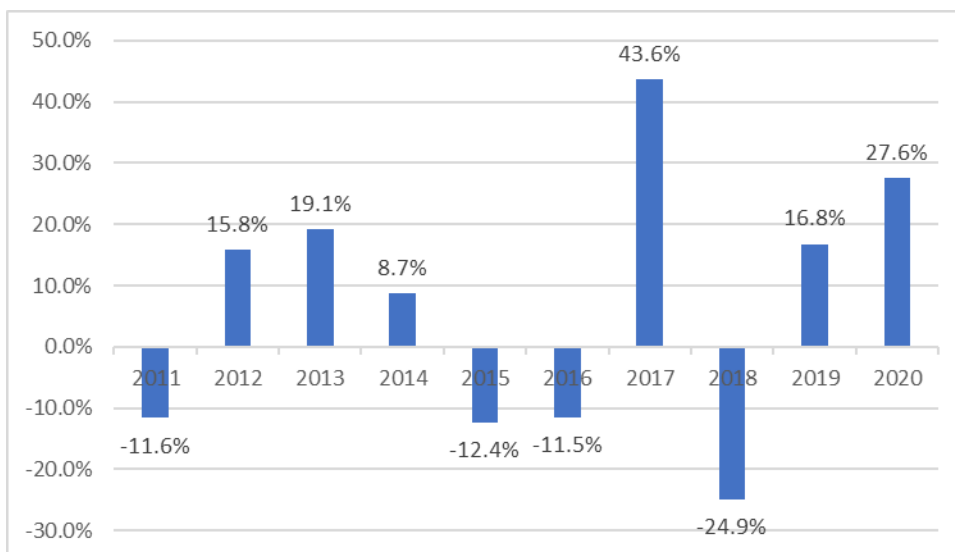
#### 11. Multi-currency conversion risk

- The Fund will hold investments denominated in currencies different to the base currency of the Fund, meaning the Fund will be at risk to adverse movements in the foreign currency rates.

#### 12. Performance fee risk

- The Fund is subject to a performance fee of 10% as described in the Fee Section.
- A unitholder redeeming units may still be subject to the performance fee charge in respect of such units, even though he/she has suffered a loss in investment capital.

### How has the Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- USD Units has been selected as the representative unit class of the Fund for the purpose of presenting past performance information by the Manager on the basis that USD is the base currency of the Fund.
- These figures show by how much the Fund (USD Units) increased or decreased in value during

the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2010
- USD Units launch date: 2010

### Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

### What are the fees and charges?

#### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Fund.

<b>Fee</b>	<b>What you pay</b>
Preliminary charge	Up to 5% of the amount you buy
Switching fee	Up to 2%* of the unit realisation price for each unit converted
Redemption fee (i.e. Realisation charge)	Nil*

#### Ongoing fees payable by the Fund

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

	<b>Annual rate (as a % of the Fund's value)</b>
<b>Management fee</b>	1.8%*
<b>Performance fee</b>	10% of the appreciation in the net asset value per unit during a performance period above the high watermark of the relevant class of units. <ul style="list-style-type: none"><li>• The high watermark is initially set at the initial issue price per unit of the relevant class of units.</li><li>• In respect of each Class of Units, each performance period will correspond to the financial year of the Fund. In respect of each class of units, where a performance fee is payable to the Manager for a performance period, the net asset value per unit on the last valuation day of that performance period will be set as the high watermark for the next performance period.</li><li>• For details please refer to pages 32 to 33 of the Explanatory Memorandum.</li></ul>
<b>Trustee fee</b>	Fixed fee of USD10,000 per annum*

<b>Administrator fee</b>	0.075% (subject to a minimum of USD5,500 per month)
<b>Custodian fee</b>	Up to 0.03%
<p><b>Other fees</b>  You may have to pay other fees when dealing in the units of the Fund.</p> <p>* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected unitholders at least one month's prior notice. For details please refer to pages 31 to 35 of the Explanatory Memorandum.</p>	
<p><b>Additional information</b></p> <ul style="list-style-type: none"> <li>• The Fund's dealing cut-off time is 4:00 pm on each dealing day. Before placing your subscription or realisation orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Fund's dealing cut-off time).</li> <li>• You generally buy and realise units at the Fund's net asset value (NAV) as at the relevant dealing day. The NAV is generally finalised on the business day following the relevant dealing day.</li> <li>• The net asset value of the Fund is calculated and the price of units published on each business day on the website <a href="http://www.chinaamc.com.hk">www.chinaamc.com.hk</a><sup>1</sup>.</li> <li>• Investors may obtain information on the distributor(s) appointed in respect of the Fund by making a telephone enquiry with the Manager on 3406 8686.</li> </ul>	
<p><b>Important</b>  If you are in doubt, you should seek professional advice.</p> <p>The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.</p>	

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