

16 April 2024

- *This statement provides you with key information about this product.*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Huatai Global Investment Fund (“Explanatory Memorandum”).*
- *You should not invest in this product based on this statement alone.*

Quick facts

Fund Manager: Huatai Financial Holdings (Hong Kong) Limited (the “**Manager**”)

Trustee: Bank of Communications Trustee Limited

Ongoing charges over a year:

| | |
|---|--|
| Class A Acc USD Units: 1.15% [#] | Class A Set Dist USD Units: 1.16% [#] |
| Class A Acc HKD Units: 1.15% [#] | Class A Set Dist HKD Units: 1.16% [#] |
| Class I Acc USD Units: 0.65% [#] | Class I Set Dist USD Units: 0.66% [#] |
| Class I Acc HKD Units: 0.65% [#] | Class I Set Dist HKD Units: 0.66% [#] |

[#] As the Sub-Fund is newly set up, the figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the relevant unit class expressed as a percentage of the estimated average net asset value of the relevant unit class over a 12-month period. The actual figure may be different from this figure and may vary from year to year.

Dealing frequency: Daily

Base currency: USD

Distribution policy: Set Distribution Classes (Class A Set Dist USD Units, Class A Set Dist HKD Units, Class I Set Dist USD Units and Class I Set Dist HKD Units)

Intends to pay dividends (if any) in each month in the form of a stable amount which will be pre-set at the discretion of the Manager¹. Different Set Distribution Classes may be subject to a different distribution amount.

¹ Once determined by the Manager, the monthly distribution amount per unit applied to each Set Distribution Class of the Sub-Fund will remain unchanged for at least 12 months. On the 12th month after the launch of each Set Distribution Class, the Manager will conduct review and may re-set the distribution amount per unit if appropriate based on the prevailing market conditions at the time at the discretion of the Manager. If distribution amount per unit is not re-set on the said 12th month, the same monthly distribution per unit will continue to apply and the Manager will review on a monthly basis thereafter. Once the Manager decides to re-set the distribution amount per unit, not less than one month’s prior notice will be given to unitholders and the newly determined distribution amount per unit will be effective in the following month and remains unchanged for at least another 12 months until the next review on the 12th month after the last re-set.

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The amount of distribution per unit per month will be published on the website of the Manager at <https://am.htsc.com.hk/>². The monthly distribution amount per unit will remain unchanged for at least 12 months and will be reviewed by the Manager in the manner set out in the Explanatory Memorandum and may be re-set based on the prevailing market conditions at the time, at the discretion of the Manager. Please refer to the Explanatory Memorandum for details.

Despite the above, the Manager may, where necessary, re-set the amount of distribution having regard to the sustainability of the monthly distribution of each Set Distribution Class. Such re-set may occur prior to the next scheduled review of the distribution amount.

The Manager may at its discretion pay distributions out of the capital or effectively out of the capital of the Sub-Fund. Payment of distributions 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 investments. Any such distribution may result in an immediate reduction of net asset value per unit. Investors should note that a positive distribution yield does not imply a positive or high return.

The Manager may amend the distribution policy subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to investors (if required).

Accumulation Classes (Class A Acc USD Units, Class A Acc HKD Units, Class I Acc USD Units and Class I Acc HKD Units)

No dividends will be declared or distributed.

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

Minimum investment:

| Class | Initial | Additional |
|----------------------|----------------|-------------------|
| Class A Acc USD | USD100 | USD100 |
| Class A Set Dist USD | | |
| Class A Acc HKD | HKD100 | HKD100 |
| Class A Set Dist HKD | | |
| Class I Acc USD | USD1,000,000 | USD100,000 |
| Class I Set Dist USD | | |
| Class I Acc HKD | HKD8,000,000 | HKD800,000 |
| Class I Set Dist HKD | | |

What is this product?

- Huatai Asia Pacific Target Income Fund is a sub-fund of Huatai Global Investment Fund, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

Objectives and Investment Strategy

Investment Objective

² The website has not been reviewed by the SFC.

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The Sub-Fund's objective is to provide income and secondarily, to seek long-term capital growth, through investments in equity and debt securities.

Investment Strategy

A. Primary Investments

The Sub-Fund will invest not less than 70% of its net asset value in equities and debt securities in the Asia Pacific region (including but not limited to the Greater China (referring to Mainland China, Hong Kong, Macau and Taiwan), Japan, Korea, Singapore, Australia and New Zealand). Issuers of these securities will be companies that are domiciled in, or carrying out the main part of their economic activity in, the Asia Pacific region or governments or their agencies of countries in the Asia Pacific region. The asset allocation of the Sub-Fund's portfolio will be at least 50% and up to 100% of its net asset value in debt securities and 0% to 50% of its net asset value in equity securities.

The Manager uses a risk-managed approach to seeking additional performance opportunities and seeks investment prospects paying above average income. The Manager pursues a flexible asset allocation strategy. The asset allocation of the Sub-Fund may change according to the Manager's views of fundamental economics and market conditions and investment trends across markets in the Asia Pacific region, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

The Sub-Fund may invest in securities of companies of any size and/or market capitalisation. The Sub-Fund's aggregate exposure to investments in Greater China will be limited to less than 50% of its net asset value.

Investment in debt securities

Up to 100% of the Sub-Fund's net asset value will be invested in debt securities, which may include, but are not limited to, government bonds, corporate bonds (e.g. unsecured senior debts, subordinated debts, perpetual bonds, convertible bonds), "Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in Renminbi ("RMB")) and urban investment bonds, i.e. debt instruments issued by the local government financing vehicles ("LGFVs"). Among the debt securities invested by the Sub-Fund, up to 50% of such debt securities investment (as set out above) can be debt securities which are rated below investment grade or unrated. For the purposes of the Sub-Fund, "investment grade" means a long-term credit rating of BBB- or above by Standard & Poor's or equivalent rating as rated by one of the international credit rating agencies, or (in relation to onshore China debt securities) a rating of at least AA+ by one of the Mainland Chinese credit rating agencies. If a fixed income security does not have a credit rating of its own, the Manager will assess the debt security by reference to the credit rating of the issuer or guarantor. For split credit ratings, the highest rating shall apply. In addition to considering the credit ratings available, the Manager also conducts internal assessment of the credit risks of the debt securities on an ongoing basis based on quantitative and qualitative fundamentals, including but not limited to the leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, the competitive position and corporate governance etc. of the issuer or guarantor.

Subject to the limitations above, the Sub-Fund may invest less than 30% of its net asset value in onshore Chinese debt securities traded on the China interbank bond market ("CIBM") and the exchange traded bond market through the qualified foreign investor ("QFI") regime, CIBM direct access regime and/or Bond Connect.

The Sub-Fund may invest less than 30% of its net asset value in instruments with loss-absorption features, e.g. Additional Tier 1 and Tier 2 capital instruments and contingent convertible bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger events.

Investment in equity securities

The Sub-Fund will invest up to 50% of its net asset value in equity securities which demonstrate stability over a medium to long-term (such as equity securities with low to moderate volatility, higher dividend yield and defensive stocks). The Sub-Fund's focus on equity securities may be adjusted depending on market conditions or cycles. These equity securities include, but are not limited to, common stocks and preferred stocks (including China A-shares).

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Subject to the limitations above, the Sub-Fund may invest less than 30% of its net asset value in onshore Mainland Chinese equity securities through the QFI regime and/or Stock Connect.

B. Ancillary Investments

For the remaining assets, the Sub-Fund may invest less than 30% of its net asset value in equities and debt securities in non-Asia Pacific markets, such as the U.S. and Europe, and/or in collective investment schemes (including exchange-traded funds).

Under exceptional circumstances (such as a prolonged bearish market with market volatilities rising, deteriorating sentiments or rapidly worsening economic fundamentals), the Sub-Fund may hold temporarily up to 100% of its net asset value in cash and cash equivalents (e.g. certificates of deposit, commercial paper and treasury bills) or money market funds for cash flow management in order to defend against market turmoil and to capture future investment opportunities as and when they arise.

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its net asset value. The Manager does not intend to enter into any securities lending and/or reverse repurchase transactions in respect of the Sub-Fund.

The Sub-Fund may use financial derivative instruments (including but not limited to, interest rate swaps, futures, credit derivatives, forward contracts and options), for hedging purposes only.

Use of derivatives / investment in derivatives

The Sub-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 Sub-Fund is an investment fund and not a bank deposit. The Sub-Fund may fall in value due to any of the key risk factors below and therefore investors may suffer losses. There is no guarantee of repayment of capital.

2. Risk relating to dynamic asset allocation strategy

- The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy. The Manager's asset allocation strategy may not achieve the desired results under all circumstances and market conditions.

3. Currency and foreign exchange risk

- Certain investments acquired by the Sub-Fund are denominated in currency(ies) (such as HKD) different from the base currency. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund or the currency of its underlying investment. The net asset value 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 control.

4. Risks associated with debt securities

- **Volatility and liquidity risk** - The debt securities in some of the markets in which the Sub-Fund invests may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of

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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 / counterparty risk** - The Sub-Fund is exposed to the credit/insolvency risk of issuers of the debt securities that the Sub-Fund may invest in.
- **Interest rate risk** - Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- **Credit rating risk** - Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the debt security and/or issuer at all times.
- **Valuation risk** - Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, this may affect the calculation of the net asset value of the Sub-Fund.
- **Downgrade risk** - The credit rating of an issuer or a debt security may subsequently be downgraded due to changes in the financial strength of an issuer. In the event of downgrading in the credit ratings of a debt security or an issuer relating to a debt security, the Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not be able to dispose of the debt securities that are being downgraded.
- **Sovereign debt risk** - Investment in sovereign debt obligations 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.
- **Credit rating agency risk** - The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- **"Dim Sum" bond market risk** - The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the net asset value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).
- **Risk associated with urban investment bonds** - Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments in Mainland China or the central government of the People's Republic 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 net asset value of the Sub-Fund could be adversely affected.
- **Risk associated with debt securities rated below investment grade or unrated** – The Sub-Fund may invest in debt securities rated below investment grade (as rated by one of the international credit rating agencies or one of the Mainland Chinese credit rating agencies) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- **Risk of investing in convertible bonds** – A convertible bond is a hybrid between debt and equity, permitting holders to convert the bond into shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity risks, in addition to the risks of debt securities generally, and may be subject to greater volatility than straight bond investments. Investments in convertible bonds are

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subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

5. Concentration risk

- The Sub-Fund will invest primarily in Asia Pacific markets. The value of the Sub-Fund may be more susceptible to adverse political, tax, economic, foreign exchange, liquidity, policy, legal and regulatory risk affecting the Asia Pacific markets. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

6. Equity market 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.

7. Risk associated with investment made through the QFI 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 Mainland China, 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 QFI status 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 QFI custodian/broker) 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).

8. RMB currency and conversion risk

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Where the Sub-Fund invests in RMB denominated investments, the value of such investments may be affected favourably or unfavourably depending on the changes in exchange rate between RMB and the base currency of the Sub-Fund. There can be no assurance that RMB will not be subject to devaluation. Any devaluation of the RMB could adversely affect the value of investors' investments in the Sub-Fund.
- 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 (e.g. HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investor's investment in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. Any divergence between CNH and CNY may adversely impact the NAV of the Sub-Fund and thus the investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

9. Mainland China tax risk

- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of the Sub-Fund's investment in Mainland China. It should also be noted that there is a possibility of Mainland China tax rules being changed and taxes being applied retrospectively. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Manager will make provisions from the Sub-Fund's assets for Mainland China withholding income tax ("WIT") at a rate of 10% in respect of the dividend paid by Mainland China tax resident enterprises where such Mainland China WIT has not been withheld at

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source. Also, based on professional and independent tax advice, the Manager will not make provision for (i) any Mainland China WIT and value-added tax (“VAT”) in respect of realised and unrealised capital gain derived from the trading of Mainland China securities; and (ii) any Mainland China WIT and VAT in respect of interest income derived from Mainland China bonds for the period from 7 November 2018 to 31 December 2025.

- In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund’s assets, the Sub-Fund’s net asset value will be adversely affected. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

10. Emerging market risk

- The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

11. Hedging risk and risks associated with the use of financial derivative instruments

- The Sub-Fund may acquire financial derivatives instruments for hedging and in adverse situations, such hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be very volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. A derivative instrument is subject to the risk that the counterparty of the instrument will not fulfil its obligations to the Sub-Fund. In addition, the risks associated with derivative instruments include credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of derivative instruments can result in a loss significantly greater than the amount invested in the derivative instruments by the Sub-Fund. Exposure to derivative instruments may lead to a high risk of significant loss by the Sub-Fund.

12. Distributions risk

- Investors should note that a positive distribution yield does not imply a positive return. Investments in the Set Distribution Classes are not an alternative to a savings account or fixed-interest paying investment. The amount of distributions paid by a Set Distribution Class may not be correlated to expected or past income or returns of the unit class or the Sub-Fund. A Set Distribution Class may either be paying out both income and capital in making distribution payments, or not substantially distributing all the income and return which the relevant Set Distribution Class has earned. The distribution can thus be higher or lower than the income and return that were effectively realized. The Set Distribution Classes will continue to distribute in periods that the Sub-Fund has negative returns or is making losses, which further reduces the net asset value of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.
- In addition, the amount of distributions for a Set Distribution Class will be fixed at the discretion of the Manager in terms of the relevant class currency and will not take into account the fluctuations in the exchange rate between the base currency and the relevant class currency subsequent to the determination of the fixed amount of distributions in terms of the relevant class currency.

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

- Payment of distributions 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 investments. Any such distributions may result in an immediate reduction of the net asset value per unit.

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How has the Sub-Fund performed?

As the Sub-Fund is newly established, 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 units of the Sub-Fund.

| Fee | What you pay |
|------------------|--|
| Subscription fee | Up to 3% of the amount subscribed |
| Switching fee | Up to 1% of the total amount being converted (current level at 0%) |
| Redemption fee | None |

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.

| Fee | Annual rate (as a % of the Sub-Fund's net asset value) |
|--------------------|--|
| Management fee* | Class A Acc USD Units, Class A Acc HKD Units, Class A Set Dist USD Units and Class A Set Dist HKD Units: up to 2% p.a., currently 1% p.a. Class I Acc USD Units, Class I Acc HKD Units, Class I Set Dist USD Units and Class I Set Dist HKD Units: up to 1% p.a., currently 0.5% p.a. |
| Trustee fee | 0.07% p.a. (subject to a minimum monthly fee of USD3,500 (or equivalent) after six months from the launch of the Sub-Fund) |
| Performance fee | Not applicable |
| Administration fee | Included in the trustee fee |

* You should note that the management fee might be increased up to the specified permitted maximum level by providing not less than one month's prior notice to unitholders.

Other fees

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

Additional Information

- You generally buy and redeem units at the Sub-Fund's next determined net asset value after the Processing Agent (i.e., Bank of Communications Trustee Limited) receives your request in good order on or before 5:00 p.m. (Hong Kong time), being the dealing cut-off time. Different distributors may impose different dealing deadlines for receiving requests from investors.

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- The net asset value is calculated and the price of units is published each business day. Unit prices of the Sub-Fund will be published on <https://am.htsc.com.hk>³.
- Composition of the distribution (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also at the Manager's website: <https://am.htsc.com.hk>³.

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.

³ The website has not been reviewed by the SFC.