

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 USD Units: 1.03%#
Class A HKD Units: 1.03%#
Class A RMB (hedged) Units: 1.03%#
Class I USD Units: 0.63%#
Class I HKD Units: 0.63%#
Class I RMB (hedged) Units: 0.63%#

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: No dividends will be declared or distributed.

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

Minimum investment:

Class	Initial	Additional
Class A USD	USD100	USD100
Class A HKD	HKD100	HKD100
Class A RMB (hedged)	RMB100	RMB100
Class I USD	USD1,000,000	USD100,000
Class I HKD	HKD8,000,000	HKD800,000
Class I RMB (hedged)	RMB6,000,000	RMB600,000

What is this product?

- Huatai Global Select Bond 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

Huatai Global Investment Fund – Huatai Global Select Bond Fund

The Sub-Fund's objective is to provide long term capital growth through investing primarily in investment grade fixed income instrument issued by government, quasi-government and state owned enterprise in global markets.

Investment Strategy

A. Primary Investments

The Sub-Fund will invest not less than 70% of its net asset value in investment grade fixed income instruments issued by government, quasi-government and state owned enterprise in global markets. For the purpose 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 debt 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.

The Sub-Fund will invest at least 70% of its net asset value in bonds denominated in USD, with the remainder in other currencies. The Sub-Fund is not subject to any limitation on the portion of its net asset value that may be invested in any one country, nor is it subject to any limitation on the market capitalization of issuers.

B. Ancillary Investments

For the remaining assets, the Sub-Fund may invest less than 30% of its net asset value in aggregate, in:

- (1) other fixed income instruments, including below investment grade or unrated fixed income instruments, fixed income instruments denominated in non-USD currencies, such as “Dim Sum” bonds (i.e. bonds issued outside of Mainland China but denominated in Renminbi), and urban investment bonds (i.e. debt instruments issued by the 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;
- (2) 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;
- (3) debt instruments with loss-absorption features, e.g. total loss-absorbing capacity eligible instruments, 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;
- (4) collective investment schemes.

The Sub-Fund may use financial derivative instruments (e.g. futures) for hedging purposes only, to the extent permitted by the investment restrictions under Chapter 7 of the SFC's Code on Unit Trusts and Mutual Funds and the Explanatory Memorandum.

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.

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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.

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. 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 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.

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- ***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.

3. Concentration risk

- The Sub-Fund will invest primarily in bonds denominated in USD. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

4. Emerging market risk

- The Sub-Fund may invest 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.)

5. 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.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions which, under exceptional circumstances, may cause a delay in the payment of redemptions in RMB. 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.

6. 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.

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?

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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 USD Units, Class A HKD Units and Class A RMB (hedged) Units: up to 2% p.a., currently 0.8% p.a. Class I USD Units, Class I HKD Units and Class I RMB (hedged) Units: up to 1% p.a., currently 0.4% 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.
- 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/>¹.

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.

¹ The website has not been reviewed by the SFC.