

30 September 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 HKD Units: 0.38%#
Class A RMB Units: 0.38%#
Class B HKD Units: 0.68%#
Class I HKD Units: 0.18%#
Class I Dist HKD Units: 0.18%#
Class S HKD Units: 0.08%#

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: HKD

Distribution policy: Distribution Class (Class I Dist HKD Units)

Dividends, if any, will be declared on a monthly basis subject to the Manager’s discretion. Distributions may, at the Manager’s discretion, be paid 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 HKD Units, Class A RMB Units, Class B HKD Units, Class I HKD Units and Class S HKD Units)

No dividends will be declared or distributed.

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

Minimum investment:

| Class | Initial | Additional |
|------------------|----------------|-------------------|
| Class A HKD | HKD0.01 | HKD0.01 |
| Class A RMB | RMB0.01 | RMB0.01 |
| Class B HKD | HKD0.01 | HKD0.01 |
| Class I HKD | HKD1,000,000 | HKD100,000 |
| Class I Dist HKD | HKD80,000,000 | HKD100,000 |
| Class S HKD | HKD0.01 | HKD0.01 |

What is this product?

- Huatai HKD Money Market 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.
- **The purchase of a unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee repayment of principal and the Manager has no obligation to redeem units at the offer value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant net asset value.**

Objectives and Investment Strategy

Investment Objective

The Sub-Fund's objective is to provide return in line with prevailing money market rates in HKD by primarily investing in short-term deposits and high quality money market instruments denominated in HKD.

Investment Strategy

A. Primary Investment

The Sub-Fund may invest not less than 70% of its net asset value in HKD-denominated and settled short-term deposits and high quality money market instruments issued by governments, corporations, quasi-governments, international organisations and financial institutions. The Sub-Fund may invest up to 30% of its net asset value in non-HKD-denominated deposits and high quality money market instruments. High quality money market instruments include debt securities, commercial papers, certificates of deposits, short-term notes and commercial bills.

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instrument must be considered, as follows:

- **Credit rating:** The Sub-Fund will only invest in (i) debt securities rated investment grade, or (ii) debt securities issued/guaranteed by issuers/guarantors who are rated investment grade. For the purposes of the Sub-Fund, "**investment grade**" means a short-term credit rating of A-2 or above by Standard & Poor's or equivalent rating as rated by one of the international credit rating agencies, or (in the absence of a short-term credit rating only) 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. For split credit ratings, the highest rating shall apply.

For the avoidance of doubt, the Sub-Fund does not intend to invest in debt securities with a long term to maturity remaining at the time of investment. The long-term credit ratings will only be considered where the Sub-Fund invests in debt securities which have long-term credit ratings only and no short-term credit ratings, but have a shorter term to maturity remaining (subject to the restrictions on remaining maturity, weighted average maturity and weighted average life of the portfolio of the Sub-Fund as set out below) at the time of purchase by the Sub-Fund.

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- Weighted average maturity and weighted average life: The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

There is no specific geographical allocation of the country of issue of the high quality money market instruments or short-term deposits. Countries or regions in which the Sub-Fund may invest in include but are not limited to Greater China (referring to offshore China, i.e. Hong Kong, Macau and Taiwan) and Singapore. It is not expected that the Sub-Fund will invest in onshore China or emerging markets.

B. Ancillary Investments

The Sub-Fund may invest up to 10% of its net asset value in money market funds authorised in Hong Kong by the Securities and Futures Commission of Hong Kong (“SFC”) under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds (“Code”) or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its net asset value in asset backed securities, such as mortgage backed securities. Such asset backed securities are issued in regions including but not limited to Greater China (referring to offshore China, i.e. Hong Kong, Macau and Taiwan) or Singapore, and are rated investment grade by one of the international credit rating agencies.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total net asset value of the Sub-Fund except:

- (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;
- (ii) in the case of government and other public securities, up to 30% may be invested in the same issue; or
- (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The aggregate value of the Sub-Fund's investment in entities within the same group through instruments and deposits will not exceed 20% of its net asset value provided that:

- (i) the aforesaid limit will not apply in respect of cash deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and
- (ii) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%.

The Sub-Fund may borrow up to 10% of its net asset value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund will not invest in any convertible bonds, instruments with loss absorption features or urban investment bonds.

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its net asset value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses, provided that the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its net asset value. The Sub-Fund will not enter into securities lending and reverse repurchase transactions in respect of the Sub-Fund.

The Sub-Fund may use financial derivative instruments (including interest rate swaps and currency swaps) 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. Risks associated with debt securities (including money market instruments)

- **Short-term debt securities risk** - The Sub-Fund invests primarily in debt securities with short maturities. This means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of such securities may increase which in turn may have a negative impact on the net asset value of the Sub-Fund.
- **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 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.

3. Risks associated with bank deposits

- The Sub-Fund will invest in HKD-denominated and non-HKD-denominated short-term deposits, which are subject to the credit risks of the financial institutions that offer and act as counterparties of such deposits. The Sub-Fund may also place deposits in non-resident accounts (NRA), which are onshore deposits treated as offshore deposits with onshore Chinese banks, and offshore accounts (OSA), which are offshore deposits with offshore account of onshore branches of Mainland Chinese banks. As such deposits may not be

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protected or fully protected under any deposit protection schemes, a default by the relevant financial institution in respect of the Sub-Fund's holdings in short-term deposits may result in losses to the Sub-Fund.

4. Currency and foreign exchange risk

- Certain investments acquired by the Sub-Fund are denominated in currency(ies) (such as USD) 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.

5. Concentration risk

- The Sub-Fund will invest primarily in HKD-denominated and settled instruments. 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 HKD money markets. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

6. Hedging risk

- 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, and this may result in losses to the Sub-Fund.

7. 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.

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 1% of the amount subscribed |
| Switching fee | Up to 1% of the total amount being converted (current level at 0%) |
| Redemption fee | None |

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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 HKD Units: up to 1% p.a., currently 0.3% p.a. Class A RMB Units: up to 1% p.a., currently 0.3% p.a. Class B HKD Units: up to 1% p.a., currently 0.6% p.a. Class I HKD Units: up to 0.5% p.a., currently 0.1% p.a. Class I Dist HKD Units: up to 0.5% p.a., currently 0.1% p.a. Class S HKD Units: up to 0.5% p.a., currently 0% p.a. |
| Trustee fee | 0.05% p.a. (subject to a minimum monthly fee of HKD27,000 (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 (NAV) after the Processing Agent (i.e., Bank of Communications Trustee Limited) receives your request in good order on or before 11:00 a.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.
- 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/>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.