

## PRODUCT KEY FACTS



### BOCOM International Fund - BOCOM International China Dynamic Fund

BOCOM INTERNATIONAL ASSET  
MANAGEMENT LIMITED

May 2024

- *This statement provides you with key information about BOCOM International China Dynamic Fund.*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of BOCOM International Fund – BOCOM International China Dynamic Fund.*
- *You should not invest in this product based on this statement alone.*

#### Quick facts

<b>Manager and RQFII Holder:</b>	BOCOM International Asset Management Limited
<b>Trustee:</b>	Bank of Communications Trustee Limited
<b>RQFII Custodian:</b>	HSBC Bank (China) Company Limited
<b>Ongoing charges over a year:</b>	<u>Class R RMB</u> :3.30% <sup>#</sup> <u>Class R HK\$</u> : 3.30% <sup>#</sup> <u>Class I RMB</u> : 3.00% <sup>#</sup> <u>Class I HK\$</u> : 3.00% <sup>#</sup>
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	RMB
<b>Dividend policy:</b>	Only net income will be distributed on an annual basis (i.e. December in each year) subject to the Manager's discretion
<b>Financial year end:</b>	31 December each year
<b>Minimum investment:</b>	<u>Class R RMB</u> : RMB10,000 for minimum initial subscription RMB5,000 for minimum subsequent subscription  <u>Class R HK\$</u> : HK\$10,000 for minimum initial subscription HK\$5,000 for minimum subsequent subscription  <u>Class I RMB</u> : RMB1,000,000 for minimum initial subscription RMB200,000 for minimum subsequent subscription  <u>Class I HK\$</u> : HK\$1,000,000 for minimum initial subscription HK\$200,000 for minimum subsequent subscription
<b>Minimum holding:</b>	<u>Class R RMB</u> : Units with aggregate minimum value of RMB5,000

Class R HK\$:

Units with aggregate minimum value of HK\$5,000

Class I RMB:

Units with aggregate minimum value of RMB500,000

Class I HK\$:

Units with aggregate minimum value of HK\$500,000

**Minimum redemption:**

Class R RMB:

Units with aggregate minimum value of RMB2,000

Class R HK\$:

Units with aggregate minimum value of HK\$2,000

Class I RMB:

Units with aggregate minimum value of RMB100,000

Class I HK\$:

Units with aggregate minimum value of for HK\$100,000

# The ongoing charges figure is an estimate only and represents the sum of estimated ongoing expenses for the year ended 31 December 2024 expressed as a percentage of the estimated average net asset value over the same period. The actual figure may be different from the estimated figure and may vary from year to year. This figure is updated on the basis that there is an expected decrease in ongoing expenses during the year primarily due to reductions in transaction fees, audit fees and custody fees.

## What is this product?

- BOCOM International China Dynamic Fund (the “Sub-Fund”) is a sub-fund of BOCOM International Fund (the “Fund”) which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 27<sup>th</sup> October 2010. It is governed by the laws of Hong Kong.
- The Sub-Fund invests primarily in A-Shares of PRC companies by using the RQFII licence of the Manager. Under prevailing RQFII regulations in the PRC, foreign institutional investors who wish to invest directly in the PRC domestic securities market may apply for a RQFII licence. Currently, the Manager has been granted a RQFII licence for the purpose of the Sub-Fund’s direct investment into the PRC. The Sub-Fund is denominated in RMB.

## Objective and Investment Strategy

### Objective

The Sub-Fund seeks to provide investors with capital growth by investing primarily in A-Shares of PRC companies by using the RQFII license of the Manager.

### Strategy

The Sub-Fund seeks to achieve its investment objective by investing 70% to 95% of its net asset value in A-Shares of PRC companies listed in the PRC securities markets, currently Shanghai Stock Exchange (“SSE”) and Shenzhen Stock Exchange (“SZSE”), and/or convertible bonds issued or distributed within the PRC directly through the Manager’s RQFII status.

In respect of equities securities, the Manager aims to invest in the industries which are expected to have rapid growth under the economic development of the PRC, and to select individual stocks among

such industries.

The Sub-Fund may also invest 5% to 30% of its net asset value in RMB denominated and settled fixed income securities trading on the interbank bond market and/or the exchange bond market which include bonds issued or distributed within the PRC by governments, quasi-government organizations, financial institutions and other corporations, for example, government bonds and notes, corporate bonds, financial bonds and commercial papers. The Sub-Fund may hold up to 25% of its net asset value in cash in RMB.

In respect of fixed income securities, the Manager will base on its analysis on the interest rates trend in the medium to long term, together with analysis on the macro economy, monetary and fiscal market environment and the expected yield, liquidity and credit risks pertaining to different types of fixed income securities. The Manager will seek to select fixed income securities which are liquid, having a reasonable risk level and relatively higher yield taking into account their credit quality. Each fixed income security is expected to be selected by considering various factors including but not limited to interest rate expectation, yield curve structure and duration.

Unless otherwise specified herein, when investing the assets of the Sub-Fund, the Manager does not intend to have an investment focus in terms of industry or sector. The Sub-Fund may invest in securities issued by companies of any market size and in such proportions as the Manager deems appropriate.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may be invested temporarily up to 100% in liquid assets such as deposits, treasury bills, certificates of deposit, short-term commercial papers for cash flow management.

It is intended that the Sub-Fund will only invest in fixed income securities which are rated Baa3 or above by Moody’s or BBB- or above by Standard & Poor’s or A- or above by Dagong Global Credit Rating Co., Ltd or equivalent ratings by recognised credit rating agencies or major local credit rating agencies, or fixed income securities issued by issuers with such credit rating. The Sub-Fund will not invest in fixed income securities which do not fulfil the foregoing criteria. In the event of credit rating downgrading of the fixed income securities or their issuers, the Sub-Fund may hold fixed income securities which are, or the issuers of which are, rated BB+ or below or unrated by major local credit rating agencies, provided that the Sub-Fund’s exposure to such fixed income securities are limited to 30% of the Sub-Fund’s net asset value. For the avoidance of doubt, the Manager will first consider the credit rating of a fixed income security itself, and only if it is not available, the Manager will then consider the credit rating of its issuer, which will become the implied rating of the fixed income security, if applicable. For the purpose of the Sub-Fund, an “unrated” security is defined as a security which neither the security itself nor its issuer has a credit rating.

An indicative investment allocation of the Sub-Fund is set out below:

<b>Type of investment</b>	<b>Exposure in terms of percentage of the Sub-Fund’s net asset value</b>
A-Shares of PRC companies and/or convertible bonds	70-95%
RMB denominated and settled fixed income securities	5-30%
Cash in RMB	0-25%

The Sub-Fund will not invest in equity and/or debt securities issued or distributed outside the PRC. The Sub-Fund will not invest in any municipal bonds or urban investment bonds.

The Manager currently does not intend to enter into securities lending, repurchase or reverse

repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to unitholders before the Manager engages in any such transactions and the Explanatory Memorandum will also be updated accordingly.

The Sub-Fund will not invest in any derivatives, structured deposits, structured products or asset backed securities (including mortgage backed securities and asset backed commercial papers) for hedging or non-hedging purposes.

## **Use of Derivatives**

The Sub-Fund will not use derivatives for any purposes.

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

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

### **1. General investment risk**

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal.
- 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 also no guarantee of dividend or distribution payments (if any) during the period you hold the units of the Sub-Fund.

### **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 Units may be designated in a currency other than the base currency of the Sub-Fund. The net asset value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between such currency and the base currency and by changes in exchange rate controls.

### **3. Risks associated with equities**

#### 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.

#### Risk associated with small-capitalisation / mid-capitalisation companies

- The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

### **4. Risk relating to investing in a single market / the China market**

- The Sub-Fund's investments are concentrated in China. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, currency and default risks. The Sub-Fund may also be subject to the risks associated with changes in the PRC laws and regulations (including PRC tax laws and regulations), and such changes may have retrospective effect and may adversely affect the Sub-Fund.
- China is an emerging market. The Sub-Fund invests in the Chinese market which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risk/ control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

**5. PRC tax risk**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised on the Sub-Fund's investments in the PRC through the Manager's RQFII status (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, the Sub-Fund will not make any tax provisions for the gross realised or unrealised capital gains derived from trading of China A-Shares and PRC fixed income securities.

**6. Risks associated with investments made through RQFII**

- 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 the PRC, which are subject to change and such change may have potential retrospective effect.
- No assurance that a RQFII will continue to maintain its RQFII status. The Sub-Fund may suffer substantial losses if the approval of the RQFII 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 RQFII Custodian/ PRC brokers) 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).

**7. RMB currency and conversion risks**

- RMB is currently not freely convertible and is subject to exchange control policies and restrictions.
- The Sub-Fund is denominated in RMB and investors subscribe for Units and receive redemption proceeds in RMB. 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 Hong Kong Dollar) will not depreciate. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency. 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.

#### **8. Risk relating to China A-Shares**

- The Sub-Fund may invest in China A-Shares. High market volatility and potential settlement difficulties in the equity markets in China may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.
- Securities exchanges in 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.

#### **9. Risks associated with the SME Board and/or the ChiNext Board of the SSE**

- The Sub-Fund may invest in and/or have exposure to the SME Board and/or the ChiNext Board via the Shenzhen-Hong Kong Stock Connect scheme. Investments in the SME board and/or ChiNext Board may result in significant losses for the Sub-Fund and its investors. The following additional risks apply:

*Higher fluctuation on stock prices* - Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE (“Main Board”).

*Over-valuation risk* - Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulation* - The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

*Delisting risk* - It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

#### **10. Risks relating to fixed income securities**

The Sub-Fund invests in fixed income securities which may fall in value. Investors may suffer losses as a result. Investment in the Sub-Fund is subject to risks that apply to fixed income securities as follows:

##### Interest rates risk

- Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

##### Credit risk

- The Sub-Fund is exposed to the credit/default risk of issuers of the fixed income securities it invests in.

Risks relating to credit rating

- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuers at all times.

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.

Downgrading risk

- Securities may be subject to the risk of being downgraded to a credit rating below Baa3 by Moody's or BBB- by Standard & Poor's or A- by Dagong Global Credit Rating Co., Ltd or equivalent ratings by recognised credit rating agencies or by major local credit rating agencies. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the fixed income securities that are being downgraded.

Volatility and liquidity risk

- The debt securities in the China markets 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, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly.

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.

Valuation risk

- Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.

Below investment grade and unrated securities risk

- The Sub-Fund may invest not more than 30% of its assets in securities which are below investment grade or which are unrated in the event of credit rating downgrading of the fixed income securities or their issuers. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

**11. Counterparty and settlement risk**

- Fixed income securities traded on the interbank bond market or the exchange traded bond market in the PRC may be subject to counterparty risk. The degree of counterparty risk may be higher

in the interbank bond market, where deals are negotiated between two counterparties through a trading system. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. Where its counterparty does not perform its obligations under a transaction, the Sub-Fund will sustain losses.

- The Sub-Fund may also be exposed to settlement risks relating to the PRC exchange traded bond market settled through the China Securities Depository and Clearing Corporation Limited (“CSDCCL”). Although it is the intention of CSDCCL that it will deliver payment or securities to the Sub-Fund (as a delivering participant or a receiving participant respectively), a delay may occur if the counterparty to the Sub-Fund fails to fulfil its payment or delivery obligation.

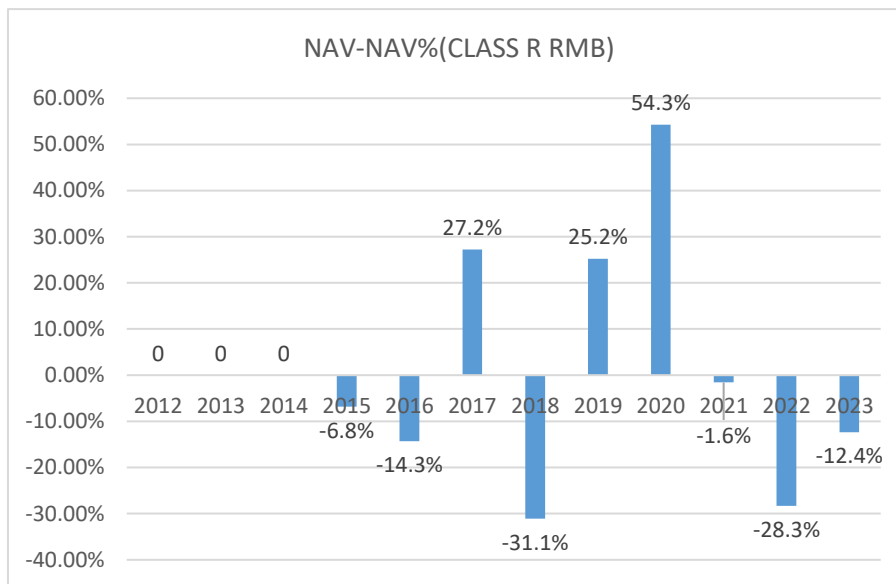
**12. Risk relating to convertible bonds**

- The Sub-Fund may invest in convertible bonds. Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

**13. Early termination risk**

- The Sub-Fund may be terminated in certain circumstances, for example, where in the opinion of the Manager, it is impracticable or inadvisable to continue the Sub-Fund. In the event of termination of the Sub-Fund, the Sub-Fund would have to distribute to the unitholders their pro rata interest in the assets of the Sub-Fund which may be worth less than the initial cost of investments, resulting in a loss to the unitholders.

**How has the sub-fund performed?**



Year	2012	2013	2014	2015	2016	2017	2018
NAV-NAV%(CLASS R RMB)	N/A	N/A	N/A	-6.8%	-14.3%	27.2%	-31.1%



Year	2019	2020	2021	2022	2023
NAV-NAV%(CLASS R RMB)	25.2%	54.3%	-1.6%	-28.6%	-12.4%

- 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.
- These figures show by how much the Class R RMB increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding initial charge and redemption charge you might have to pay.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.
- The launch date of the Sub-Fund and Class R RMB Units was 20 August 2014.
- The Manager selected Class R RMB Units as the representative class because it is the most popular class of the Sub-Fund which is available for the public in Hong Kong.

### **Is there any guarantee?**

This 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.

#### **Fees and Charges**

#### **What you pay**

Preliminary Charge (Subscription fee)  
(% of Issue Price)

All Classes: Up to 3%

Switching Charge (Switching fee)  
(% of issue price of  
the sub-fund being switched into)

All Classes: Up to 1%

Redemption Charge (Redemption fee)  
(% of Redemption Price)

All Classes: Nil

#### **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.

#### **Annual rate (as a % of the Sub-Fund's net asset value)**

Management Fee

	<p><u>Class R:</u> 1.5% p.a.*  <u>Class I:</u> 1.2% p.a.*</p>
Trustee Fee	<u>All Classes:</u> Up to 1% p.a., current rate being 0.11% p.a.*, subject to a minimum monthly fee of RMB18,000 for this Sub-Fund
RQFII Custodian Fee	<u>All Classes:</u> 0.10% p.a.
Performance Fee	<u>All Classes:</u> Nil
Administration Fee	<u>All Classes:</u> Nil
<b><u>Other fees and charges</u></b>	
<p>You may have to pay other fees and charges when dealing in the Units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in its Explanatory Memorandum.</p> <p>*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer to pages 98 and page 99 of the Explanatory Memorandum.</p>	
<b>Additional Information</b>	
<ul style="list-style-type: none"> <li>• Currently, the Manager has been granted a RQFII licence for the purpose of the Sub-Fund's direct investment into the PRC.</li> <li>• You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next-determined net asset value attributable to the relevant Class of Units after the Authorised Distributor(s) or the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally every Business Day i.e. generally any day (except Saturday) when banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time).</li> <li>• Investors should note that Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.</li> <li>• Investors may obtain information on the Authorised Distributor(s) from the following website: <a href="http://www.bocomgroup.com">www.bocomgroup.com</a>*.</li> <li>• The net asset value of this Sub-Fund is calculated at the close of business in the last relevant market to close on each Dealing Day, and the price of Units will be available online at <a href="http://www.bocomgroup.com">www.bocomgroup.com</a>*.</li> <li>• Please refer to <a href="http://www.bocomgroup.com/en/asset-management/am-latest-fund-price.html">http://www.bocomgroup.com/en/asset-management/am-latest-fund-price.html</a>* for performance information.</li> <li>• The offering document, any circulars, notices and announcements issued in relation to the Sub-Fund, and the latest financial reports of BOCOM International Fund (when issued) are available at <a href="http://www.bocomgroup.com">www.bocomgroup.com</a>*.</li> </ul>	

\* Please note that the websites have not been reviewed by the SFC and may contain information on funds which are not authorised 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 authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.