

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

REPORTS AND FINANCIAL STATEMENTS

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GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

MANAGEMENT AND ADMINISTRATION

Manager

BOCOM International Asset Management Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

Directors of the Manager

LI Baohua (Appointed on 24 December 2021 and
resigned on 28 February 2022)
LI Wu (Appointed on 24 December 2021)
XI Xuanhua (Appointed on 24 December 2021)
CHENG Chuange (Ceased on 24 December 2021)
MENG Yu (Ceased on 24 December 2021)
SU Fen (Ceased on 24 December 2021)

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

Sub-custodian

Citibank, N.A.
10/F, Two Harbour Front,
22 Tak Fung Street,
Hunghom, Kowloon,
Hong Kong

Legal Counsel to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor

PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review:

2021 can be characterized by vaccine success excitement and the great re-opening exuberance, only punctuated by the delta variant unknown-unknown and the Fed "tapering". In the first half of year, the market has strong consensus of hike, and the treasury rate went up in the first quarter. Inflation began in US and Fed tried to explain the inflation was transitory and it would focus on the employment situation. The market seemed to be convinced by Fed and treasury rate went down leading to a bull market in the second quarter. From September, China property sector has turned into an unpleasant situation for bond holder since Evergrande and Fantasia have defaulted. The liquidity problem of China properties generated much market volatility. Finally, the Fed finally acquiesced late in the year that inflation is not transitory and began the "tapering" in Q4. It has been a difficult 2021 for government bonds and investment grade credits. The US\$ 68.3 trillion (equivalent) Bloomberg Global Aggregate Index had the worst year since 1999, delivering a negative 4.71% return. The Bloomberg Euro Aggregate Index delivered -9.71% in 2021, and the Bloomberg US Aggregate index delivered -1.54%. EM credits in general did not fare well in 2021. The Bloomberg EM hard currency aggregate index delivered -1.65% in 2021. JPM EMBI index delivered -1.51%. The China HY had a terrifying year in 2021. The iBoxx USD China Real Estate HY bond index delivered -37.24% in 2021. With many bonds in the index trading flat of accrued and/or trading in mid-teens, 20s and 30s prices. Looking forward to 2022, we believe that monetary policy and benchmark interest rates will remain low for an extended period of time, compared to the previous five decades. However, we can expect episodic rising market interest rate concerns in 2022. With the abundance of liquidity, there is limited room for the market interest rates to rise. Don't fight the plentiful of liquidity, which will remain to be the financial market rules of thumb. The plentiful liquidity and extended period of low interest rate environment will continue to provide the tailwind for EM market.

Portfolio Review:

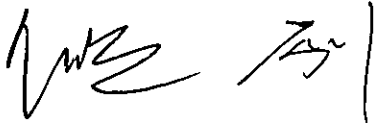
In 2021, the Global Strategic Emerging Markets Bond Fund (USD Class A) recorded a negative return of 8.88%, which underperformed the reference benchmark JP Morgan EMBI Global Index by 7.29%. We are using USD Class A return as an indication since it has the largest NAV in USD terms among all classes. As of 31 August 2021, IGEM record positive return of 2.7% which outperformed the EMBI index by 2.25%. The Sub-Fund performance was negatively affected by China property sector from September and adopted more conservative strategies. As of 31 December 2021, the weighted average duration was shorter at the end of the year at 3.24 than in June 2021 at 3.68. High yield exposure was reduced to 36.09% from 39.02% in June. Allocations to corporates were at 47.29% in December, higher than June 2021 level at 45.37%. In terms of region, exposure to China increase from 24.26% in June to 25.39% in December and remains to be the largest country exposure by far. Exposure to Gulf Cooperation Countries (GCC) regions shrank from 43.84% in June to 24.59% in December. The portfolio decreased asset allocation to Africa and Europe regions, which had exposures around 10.51% and 8.27%, respectively, at the end of the year, compared to 2.57% and 2.76% in June 2021. In terms of sectors invested, the portfolio concentrated on low-risk sectors since the market has been volatile since September. The top three sectors were financials, government and LGFV, which had exposure around 29.98%, 24.43% and 15.5%, respectively. The portfolio took profit of some quality property names at high price, and also cut loss of some weak names promptly. Due to the shrinking NAV, the exposure of China properties was around 9.9% in December, similar to June 2021. The remain sectors includes communication, consumer and energy, with exposure of 3.34%, 8.50% and 4.64% in December 2021.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

**TO THE UNITHOLDERS OF GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(THE "SUB-FUND")**

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 27 October 2010, as amended and all its supplemental deeds for the year ended 31 December 2021.

A handwritten signature in black ink, consisting of stylized initials and a vertical line.

For and on behalf of
Bank of Communications Trustee Limited
27 April 2022

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Global Strategic Emerging Markets Bond Fund (the "Sub-Fund"), a sub-fund of BOCOM International Fund, which are set out on pages 7 to 30, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2021, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(CONTINUED)**
(A Sub-fund of BOCOM International Fund)

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 27 October 2010, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(CONTINUED)**
(A Sub-fund of BOCOM International Fund)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.



PricewaterhouseCoopers
Certified Public Accountants

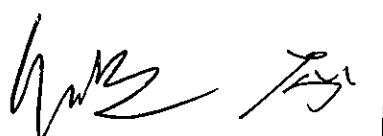
Hong Kong, 27 April 2022

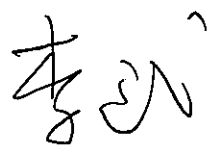
GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 USD	2020 USD
Assets			
Financial assets at fair value through profit or loss	3(a)	8,527,729	35,440,857
Interest receivable		161,022	388,723
Cash and cash equivalents	3(d), 7(a)	405,111	2,695,543
Total assets		<u>9,093,862</u>	<u>38,525,123</u>
Liabilities			
Management fee payable	7(b)	9,801	38,817
Trustee fee payable	7(c)	10,621	10,424
Accrued expense and other payables		28,601	26,000
Total liabilities (excluding net assets attributable to unitholders)		<u>49,023</u>	<u>75,241</u>
Net assets attributable to unitholders	6	<u>9,044,839</u>	<u>38,449,882</u>

Approved and authorised for issue by the Trustee and the Manager on 27 April 2022.


.....
For and on behalf of the Trustee
Bank of Communications Trustee Limited


.....
For and on behalf of the Manager
BOCOM International Asset Management Limited

The notes on pages 12 to 30 are an integral part of these financial statements.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 USD	2020 USD
Income			
Interest income on debt securities		1,477,528	2,787,375
Interest income on bank deposits	7(a)	32	617
Net losses on financial assets and financial liabilities at fair value through profit or loss	5	(2,037,562)	(6,273,675)
Net foreign currency losses		(338)	(278)
Total income		<u>(560,340)</u>	<u>(3,485,961)</u>
Expenses			
Management fee	7(b)	175,399	283,788
Trustee fee	7(c)	61,569	70,477
Sub-custodian fee		7,063	7,293
Audit fee		32,001	32,351
Transaction costs	7(e)	880	480
Bank charges		1,647	2,617
Legal and professional fees		-	24,993
Other expenses		998	3,565
Total operating expenses		<u>279,557</u>	<u>425,564</u>
Dividend distribution	11	292	-
Decrease in net assets attributable to unitholders from operations		<u>(840,189)</u>	<u>(3,911,525)</u>

The notes on pages 12 to 30 are an integral part of these financial statements.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 USD	2020 USD
Net assets attributable to unitholders at beginning of the year		38,449,882	66,528,170
Proceeds from units issued		10,101,033	3,758
Redemption of units		(38,665,887)	(24,170,521)
Net decrease from unit transactions		(28,564,854)	(24,166,763)
Decrease in net assets attributable to unitholders from operations		(840,189)	(3,911,525)
Net assets attributable to unitholders at end of the year	6	9,044,839	38,449,882

The notes on pages 12 to 30 are an integral part of these financial statements.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	Number of redeemable units	
	2021	2020
<u>Class A USD (Acc)</u>		
Units in issue at beginning of the year	15,695,928.849	15,695,928.849
Issue of units during the year	4,017,677.782	-
Redemption of units during the year	(15,695,928.849)	-
Units in issue at end of the year	<u>4,017,677.782</u>	<u>15,695,928.849</u>
<u>Class A HKD (Acc)</u>		
Units in issue at beginning of the year	-	16,434,184.820
Redemption of units during the year	-	(16,434,184.820)
Units in issue at end of the year	<u>-</u>	<u>-</u>
<u>Class R USD (Dis)</u>		
Units in issue at beginning of the year	-	-
Issue of units during the year	26,638.581	-
Redemption of units during the year	(26,638.581)	-
Units in issue at end of the year	<u>-</u>	<u>-</u>
<u>Class R HKD (Acc)</u>		
Units in issue at beginning of the year	15,691.400	15,691.400
Issue of units during the year	52,643.561	-
Redemption of units during the year	(26,452.735)	-
Units in issue at end of the year	<u>41,882.226</u>	<u>15,691.400</u>
<u>Class R HKD (Dis)</u>		
Units in issue at beginning of the year	27,082.266	27,082.266
Issue of units during the year	-	2,359.932
Redemption of units during the year	-	(2,359.932)
Units in issue at end of the year	<u>27,082.266</u>	<u>27,082.266</u>

The notes on pages 12 to 30 are an integral part of these financial statements.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 USD	2020 USD
Cash flows from operating activities		
Decrease in net assets attributable to unitholders from operations	(840,189)	(3,911,525)
Adjustment for:		
Interest income on debt securities	(1,477,528)	(2,787,375)
Interest income on bank deposits	(32)	(617)
Dividend distribution	292	-
	<hr/>	<hr/>
Operating cash flows before working capital changes	(2,317,457)	(6,699,517)
Change in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	26,913,128	30,090,687
(Decrease)/increase in management fee payable	(29,016)	3,941
Increase in trustee fee payable	197	2,604
Increase in accrued expense and other payables	2,601	5,826
	<hr/>	<hr/>
Cash from operating activities	24,569,453	23,403,541
Interest received	1,705,261	3,274,454
	<hr/>	<hr/>
Net cash from operating activities	26,274,714	26,677,995
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of units	10,101,033	3,758
Payments on redemption of units	(38,665,887)	(24,170,521)
Distribution paid to unitholders	(292)	-
	<hr/>	<hr/>
Net cash used in financing activities	(28,565,146)	(24,166,763)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(2,290,432)	2,511,232
Cash and cash equivalents at the beginning of the year	2,695,543	184,311
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	405,111	2,695,543
	<hr/>	<hr/>

The notes on pages 12 to 30 are an integral part of these financial statements.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

BOCOM International Fund (the “Trust”) is an umbrella unit trust governed by its Trust Deed dated 27 October 2010, as amended (the “Trust Deed”) made between BOCOM International Asset Management Limited as the Manager (the “Manager”) and Bank of Communications Trustee Limited as the Trustee (the “Trustee”). The terms of the Trust Deed are governed by the law of Hong Kong. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by SFC.

Global Strategic Emerging Markets Bond Fund (the “Sub-Fund”) is one of the three sub-funds under the Trust available for investment as at 31 December 2021. The date of inception of the Sub-Fund launch was 4 February 2013.

The Sub-Fund seeks to achieve its investment objective by investing a minimum of 75% of its net asset value in a diversified portfolio of fixed income securities (such as government and corporate bonds, commercial papers and certificates of deposit) issued by governments and corporations and/or supranational institutions in emerging markets countries (such as Brazil, China, Mexico, Turkey, Russia, South Africa and Indonesia) which are denominated in United States dollars, Euro or in the local currencies of the relevant emerging markets. The Sub-Fund may also invest up to 25% of its assets in fixed income securities issued by governments, corporations and/or supranational institutions in the United States and Western Europe. Not more than 40% of the Sub-Fund’s net asset value may be invested in fixed income securities which are below investment grade or which are unrated.

The Manager is owned by BOCOM International Holdings Company Limited, which itself is a subsidiary of Bank of Communications Co., Ltd. (“BOCOM”, and together with BOCOM International Holdings Company Limited and its affiliates, the “BOCOM Group”).

The financial statements are prepared for the Sub-Fund only. The financial statements are presented in United States dollars (“USD”), which is same as the functional currency of the Sub-Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Global Strategic Emerging Markets Bond Fund have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager to exercise their judgment in the process of applying the Sub-Fund’s accounting policies.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial assets at fair value through profit or loss

Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets at fair value through profit or loss. The Sub-Fund's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. All derivatives are recognised in assets when amounts are receivable by the Sub-Fund and in liabilities when amounts are payable by the Sub-Fund.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Financial assets at fair value through profit or loss (Continued)

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the statement of comprehensive income within “net losses on financial assets at fair value through profit or loss” in the period in which they arise.

Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Sub-Fund utilises the last mid price for financial assets where the last mid price falls within the bid-ask spread. In circumstances where the last mid price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

(d) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND

(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(e) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and interest from debt securities.

(f) Expenses

All expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

(g) Redeemable units

The Sub-Fund's redeemable units, which are redeemable at the holder's option, represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as liabilities as the Sub-Fund issues more than one class of redeemable shares, which are redeemable at the holder's option and do not have identical rights.

Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the provisions of the Sub-Fund's explanatory memorandum, investment positions are valued based on the last mid-market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

(h) Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Inland Revenue Ordinance.

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The Sub-Fund is offered to investors through multiple classes of units in different currency denomination, with the majority of subscriptions and redemptions of the Sub-Fund's unit in the USD and Hong Kong dollar. The primary activity of the Sub-Fund is to invest in debt securities and derivatives in USD. The performance of the Sub-Fund is measured and reported to the investors in USD. The Manager considers USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Sub-Fund's functional and presentation currency.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(i) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign currency losses".

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within "net losses on financial assets at fair value through profit or loss".

(j) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

(k) Dividend distribution

Dividend distribution to the Sub-Fund's unitholders is recognised in the Sub-Fund's financial statements in the period in which the dividends are approved.

3 Financial risk management

The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

The Sub-Fund uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management

(a) Market price risk (Continued)

The following table discloses the financial assets at fair value through profit or loss of the Sub-Fund by product types:

	2021 USD	2020 USD
Financial assets at fair value through profit or loss		
Quoted debt securities	8,527,729	35,440,857
	<u>8,527,729</u>	<u>35,440,857</u>

The following table discloses the non-derivative financial assets at fair value through profit or loss of the Sub-Fund by industrial sectors:

	<u>2021</u>		<u>2020</u>	
	USD	% of net asset value	USD	% of net asset value
Basic materials	-	-	4,370,096	11.37
Consumer, Cyclical	766,956	8.48	-	-
Consumer, Non-cyclical	-	-	502,800	1.31
Energy	-	-	1,351,350	3.51
Financial	4,707,081	52.04	20,073,965	52.20
Government	-	-	3,035,670	7.90
Industrial	2,266,872	25.06	5,587,986	14.53
Utilities	-	-	518,990	1.35
Real Estate	786,820	8.70	-	-
Grand Total	<u>8,527,729</u>	<u>94.28</u>	<u>35,440,857</u>	<u>92.17</u>

The Sub-Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures to different industries.

There is no exposure to individual investments/issuers representing over 10% of the Sub-Fund's net asset value at the reporting date.

As the Sub-Fund mainly invests in debt securities, the sensitivity analysis of market price risk is disclosed in the interest rate sensitivity analysis in note 3(b) below.

(b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

Certain financial assets and liabilities held by the Sub-Fund are interest bearing. As a result, the Manager considers that the Sub-Fund is subject to risks due to fluctuations in the prevailing levels of market interest rates. Change in the fair value of the interest bearing portfolio is monitored via risk measures such as interest rate duration and credit spread duration.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Interest rate risk (Continued)

The tables below summarise the Sub-Fund's exposure to interest rate risks at the reporting date. Included in the table are the Sub-Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2021

	Maturity up to 1 year USD	Maturity 1-5 years USD	Maturity over 5 years USD	Non-interest bearing USD	Total USD
Assets					
Investments					
- Debt securities	1,848,429	1,536,975	5,142,325	-	8,527,729
Interest receivable	-	-	-	161,022	161,022
Cash and cash equivalents	405,111	-	-	-	405,111
Total assets	2,253,540	1,536,975	5,142,325	161,022	9,093,862
Liabilities					
Management fee payable	-	-	-	9,801	9,801
Trustee fee payable	-	-	-	10,621	10,621
Accrued expenses and other payables	-	-	-	28,601	28,601
Net assets attributable to unitholders	-	-	-	9,044,839	9,044,839
Total liabilities	-	-	-	9,093,862	9,093,862
Total interest sensitivity gap	2,253,540	1,536,975	5,142,325		

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Interest rate risk (Continued)

As at 31 December 2020

	Maturity up to 1 year USD	Maturity 1-5 years USD	Maturity over 5 years USD	Non-interest bearing USD	Total USD
Assets					
Investments					
- Debt securities	-	11,835,891	23,604,966	-	35,440,857
Interest receivable	-	-	-	388,723	388,723
Cash and cash equivalents	2,695,543	-	-	-	2,695,543
Total assets	2,695,543	11,835,891	23,604,966	388,723	38,525,123
Liabilities					
Management fee payable	-	-	-	38,817	38,817
Trustee fee payable	-	-	-	10,424	10,424
Accrued expenses and other payables	-	-	-	26,000	26,000
Net assets attributable to unitholders	-	-	-	38,449,882	38,449,882
Total liabilities	-	-	-	38,525,123	38,525,123
Total interest sensitivity gap	2,695,543	11,835,891	23,604,966		

At 31 December 2021, the Sub-Fund has cash and cash equivalents of USD405,111 (2020: USD2,695,543). If interest rates had been 10 basis points (2020: 10 basis points) higher or lower with all other variables held constant, net assets attributable to unitholders of the Sub-Fund would have been USD405 (2020: USD2,696) higher or lower respectively as a result of higher or lower interest income.

The majority of the Sub-Fund's interest rate exposure on debt instruments denominated in USD. Interest rate exposures are expressed in terms of rate of weighted modified duration. The Manager monitors the interest rate risks by quantifying market exposure in duration terms. The adjusted weighted modified duration is the modified duration multiplied by the allocation of net asset value and a sensitivity factor. As at 31 December 2021, the Sub-Fund invested in debt securities of USD8,527,729 (2020: USD35,440,857) and the portfolio weighted average modified duration of the Sub-Fund is 8.48 (2020: 3.95).

At 31 December 2021, should interest rates have lowered/risen by 25 basis points (2020: 25 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately USD180,788 (2020: USD349,978) arising substantially from the increase/decrease in market values of debt securities.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As at 31 December 2021 and 2020, the Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as a majority of their assets and liabilities are denominated in USD, the Sub-Fund's functional and presentation currency. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

(d) Credit and counterparty risk

Credit and counterparty risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase when the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

The Trustee entered into a Global Custodial Services agreement with Citibank N.A., Hong Kong Branch on 25 January 2008. According to the Global Custodial Services agreement, the investment of the Sub-Fund is held in the name of the Trustee or such other name as the Trustee may reasonably designate and will indicate that the investments do not belong to the sub-custodian and are segregated from the sub-custodian's assets. The Sub-Fund's money is held in the name of the Trustee or such other name as the Trustee may reasonably designate and will be held by the sub-custodian.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. The Manager will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The table below summarises the credit quality of the Sub-Fund's debt portfolio, which represents 94.28% and 92.17% of the net asset value as at 31 December 2021 and 2020 respectively:

Debt securities by rating category:

Rating	2021 % of net asset value	2020 % of net asset value
Standard & Poor's		
A+	3.25	-
A	-	2.66
A-	3.34	-
BBB+	-	7.90
BBB-	5.23	1.31
BB	3.49	4.42
BB-	3.57	1.31
B	4.91	3.65
B-	-	0.87
Moody's		
Aa2	2.22	-
A3	-	8.09
Baa1	5.56	-
Baa2	-	0.82
Baa3	6.70	15.32
Ba1	-	1.36
Ba3	9.45	3.51
B2	-	8.15
B3	-	1.10
C	3.63	-
Fitch		
BBB	-	4.42
BBB-	14.75	14.93
BB+	8.56	-
Non-rated	19.62	12.35
	94.28	92.17

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The non-rated debt securities are mostly corporate bonds. The Manager has assessed the credit quality of the debt securities based on the nature of the issuers and the historical information about the issuers' default rates. As at 31 December 2021 and 2020, there are no non-rated debt securities in default.

The table below summarises the net exposure to the Sub-Fund's counterparties together with their credit ratings:

As at 31 December 2021

	USD	Credit rating	Source of credit rating
Investments			
Citibank, N.A.	8,527,729	A+	Standard & Poor's
Cash and cash equivalents			
Citibank, N.A.	152,111	A+	Standard & Poor's
Bank of Communications Co. Ltd HK Branch ¹	52	A-	Standard & Poor's
BOCOM International Securities Limited	252,948	A-	Standard & Poor's

As at 31 December 2020

	USD	Credit rating	Source of credit rating
Investments			
Citibank, N.A.	35,440,857	A+	Standard & Poor's
Cash and cash equivalents			
Citibank, N.A.	2,695,492	A+	Standard & Poor's
Bank of Communications Co. Ltd HK Branch ¹	51	A-	Standard & Poor's

¹Credit rating of its ultimate holding company Bank of Communications Co., Ltd. is used.

All the Sub-Fund's investments and cash and cash equivalents are held in major financial institutions, which the Sub-Fund believes are of high credit quality. The Manager considers that the Sub-Fund does not have a significant concentration of credit risk.

Cash and cash equivalents and interest receivable are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Manager mitigates the counterparty risk associated with the Sub-Fund by putting in place appropriate counterparty risk management procedures. The Manager monitors the credit rating of the brokers on an ongoing basis.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of its assets in securities that are traded in an active market and can be readily disposed.

Units are redeemed on demand at the unitholder's option. With a view to protect the interest of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Fund redeemed on any dealing day to 10% of the total number of units in issue. As at 31 December 2021, there were 1 (2020: 1) unitholder account each holding more than 10% of the Sub-Fund's units.

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	Less than 3 months USD
As at 31 December 2021	
Management fee payable	9,801
Trustee fee payable	10,621
Accrued expenses and other payables	28,601
Net assets attributable to unitholders	9,044,839
	<hr/>
Contractual cash outflow	9,093,862
	<hr/> <hr/>
As at 31 December 2020	
Management fee payable	38,817
Trustee fee payable	10,424
Accrued expenses and other payables	26,000
Net assets attributable to unitholders	38,449,882
	<hr/>
Contractual cash outflow	38,525,123
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GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(e) Liquidity risk (Continued)

The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 3 months or less. The following table illustrates the expected liquidity of assets held:

	Less than 3 months USD	Over 3 months USD
As at 31 December 2021		
Total assets	<u>8,992,674</u>	<u>101,188</u>
As at 31 December 2020		
Total assets	<u>38,352,378</u>	<u>172,745</u>

(f) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Sub-Fund can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(f) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2021 and 2020 respectively:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
As at 31 December 2021				
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	8,527,729	-	8,527,729
Total assets	<u>-</u>	<u>8,527,729</u>	<u>-</u>	<u>8,527,729</u>
As at 31 December 2020				
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	-	35,440,857	-	35,440,857
Total assets	<u>-</u>	<u>35,440,857</u>	<u>-</u>	<u>35,440,857</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These included quoted debt securities. The quotes are periodically reviewed by the Manager.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2021 and 2020, there were no level 3 investment held by the Sub-Fund.

For the year ended 31 December 2021 and 2020, there were no transfers between levels.

(g) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. The Management may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund; and
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

4 Financial instruments by category

Financial assets

Apart from financial assets at fair value through profit or loss as disclosed in the statement of financial position which are classified as at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including interest receivable and cash and cash equivalents, are categorised as “loans and receivables”.

Financial liabilities

Apart from financial liabilities at fair value through profit or loss as disclosed in the statement of financial position which are classified as at fair value through profit or loss, all financial liabilities as disclosed in the statement of financial position, including management fee payable, trustee fee payable, accrued expense and other payables and net assets attributable to unitholders, are categorised as “other financial liabilities”.

5 Net losses on financial assets at fair value through profit or loss

	2021 USD	2020 USD
Net realised losses on sale of financial assets and financial liabilities at fair value through profit or loss	(170,399)	(4,358,709)
Change in unrealised gains/losses of financial assets and financial liabilities at fair value through profit or loss	(1,867,163)	(1,914,966)
	<u>(2,037,562)</u>	<u>(6,273,675)</u>

6 Number of units in issue and net assets attributable to unitholders per unit

As at 31 December 2021 and 31 December 2020, the Sub-Fund issued two classes of units in a total of three series – Class A USD (Acc), Class R HKD (Acc) and Class R HKD (Dis). Class R units are available for sale to the retail public in Hong Kong. Class A and Class I units are offered to institutional investors.

Net assets attributable to unitholders represent a liability in the statement of financial position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholders exercised the right to redeem the units.

The movements of the redeemable units are disclosed in the statement of changes in net assets attributable to unitholders.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders per unit (Continued)

The following table details the net asset value per unit of each class of units at the reporting date:

	Currency	Number of units outstanding	Net asset value per unit
At 31 December 2021			
Class A USD (Acc)	USD	4,017,677.782	2.228
Class R HKD (Acc)	HKD	41,882.226	10.571
Class R HKD (Dis)	HKD	27,082.266	10.496
		<u> </u>	<u> </u>
		Number of Units outstanding	Net asset value per unit
At 31 December 2020			
Class A USD (Acc)	USD	15,695,928.849	2.445
Class R HKD (Acc)	HKD	15,691.400	11.610
Class R HKD (Dis)	HKD	27,082.266	11.609
		<u> </u>	<u> </u>

7 Transactions with related parties or connected persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, Trustee and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the connected persons except for those disclosed below.

All transactions were entered into during the year between the Sub-Fund and the Manager, Trustee and their connected persons were carried out in the ordinary course of business and on normal commercial terms.

(a) Bank balances and investment transactions

Bank balances are maintained with Bank of Communications Co. Ltd HK Branch, the Manager's ultimate holding company. Bank balances deposited with the Manager's ultimate holding company at 31 December 2021 and 2020, interest income earned during the year on these bank balances at the end of the year are summarised below:

	2021 USD	2020 USD
Bank balances deposited	<u>52</u>	<u>51</u>
Interest income earned	<u>-</u>	<u>29</u>

During the year ended 31 December 2021 and 2020, all the Sub-Fund's transactions in futures contracts were executed with BOCOM International Securities Limited, the Manager's fellow subsidiary. Refer to Note 7 (e) for details of brokerage fees.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties or connected persons (Continued)

(a) Bank balances and investment transactions (Continued)

Bank balances are maintained with BOCOM International Securities Limited, a fellow subsidiary of the Manager and the Trustee:

	2021 USD	2020 USD
Bank balances deposited	252,948	-
Interest income earned	-	-

(b) Management fees

Pursuant to the Sub-Fund's explanatory memorandum, the Manager is entitled to receive a management fee calculated in the following basis:

Classes R HKD (Acc) & R HKD (Dis): 1.25% per annum of the net asset value
 Classes R USD (Acc) & R USD (Dis): 1.25% per annum of the net asset value
 Classes I HKD (Acc): 0.80% per annum of the net asset value
 Classes I USD (Acc): 0.80% per annum of the net asset value
 Classes A HKD (Acc): 0.60% per annum of the net asset value
 Classes A USD (Acc): 0.60% per annum of the net asset value

The management fee shall be accrued daily and payable monthly in USD in arrears as specified in the explanatory memorandum issued in respect of the Sub-Fund.

The management fee charged for the year ended 31 December 2021 was USD175,399 (2020: USD283,788) of which USD9,801 (2020: USD38,817) was outstanding at 31 December 2021.

(c) Trustee fees

The Trustee of the Sub-Fund is entitled to a fee payable monthly in arrears calculated as 0.125% to 0.15% per annum and subject to a minimum monthly fee of HK\$40,000, which is accrued daily and is payable monthly in arrears.

The table below summarises the trustee fees and trustee fee payable by Sub-Fund as at 31 December 2021 and 2020:

	2021 USD	2020 USD
Trustee fee	61,569	70,477
Trustee fee payable	10,621	10,424

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties or connected persons (Continued)

(d) Holdings of units of the Sub-Fund

The holdings of units of the Sub-Fund by the connected persons of the Manager and the Trustee as at 31 December 2021 and 2020 were as follows.

Units held by BOCOM International Global Investment Limited, a subsidiary of the Manager and the Trustee:

	Units outstanding at 1 January 2021	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2021
<u>2021</u>				
Class A USD (Acc)	15,695,928.849	-	(15,695,928.849)	-
	<u>15,695,928.849</u>	<u>-</u>	<u>(15,695,928.849)</u>	<u>-</u>

	Units outstanding at 1 January 2020	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2020
<u>2020</u>				
Class A USD (Acc)	15,695,928.849	-	-	15,695,928.849
	<u>15,695,928.849</u>	<u>-</u>	<u>-</u>	<u>15,695,928.849</u>

Units held by BOCOM International Holdings Company Limited, the parent company of the Manager and the Trustee:

	Units outstanding at 1 January 2021	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2021
<u>2021</u>				
Class A USD (Acc)	-	4,017,677.782	-	4,017,677.782
	<u>-</u>	<u>4,017,677.782</u>	<u>-</u>	<u>4,017,677.782</u>

No unit is held by BOCOM International Holdings Company Limited as at 31 December 2020.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with related parties or connected persons (Continued)

(e) Brokerage fees

During the years ended 31 December 2021 and 2020, the Sub-Fund utilizes the brokerage services of BOCOM International Securities Limited, the fellow subsidiary of the Manager and the Trustee. Details of transactions effected through this company are as follows:

	2021 USD	2020 USD
Total aggregate value of such transactions for the year	3,391,124	7,626,975
Percentage of such transactions in value to the total transactions in value of the Sub-Fund for the year	1.68%	2.75%
Total commission paid for the year	880	480
Average rate of commission	0.026%	0.006%

8 Transaction costs

Transaction costs include brokerage and commission fee for the purchases and sales of investments. The transaction costs charged for the year ended 31 December 2021 amounted to USD880 (2020: USD480). Refer to Note 7(e) for details.

9 Taxation

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as the Sub-Fund is authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

10 Soft commission arrangements

During the year, the Manager and its connected persons did not enter into any soft dollar arrangements with brokers relating to dealing in the assets of the Sub-Fund.

11 Distribution to unitholders

The distribution amounted to USD292 was paid to unitholders during the year ended 31 December 2021 and was presented in the statement of comprehensive income. The Sub-Fund did not make any distribution during the year ended 31 December 2020.

12 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 27 April 2022.

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND

(A sub-fund of BOCOM International Fund)

INVESTMENT PORTFOLIO (UNAUDITED)**AS AT 31 DECEMBER 2021**

Investments (94.28%)	Holdings	Fair Value USD	% of Net assets
Quoted debt securities (94.28%)			
SUPRANATIONAL (5.56%)			
AFREXI 2.634 5/17/26	500,000	503,135	5.56%
CHINA (32.01%)			
EFGBNK 5.5 PERP	700,000	724,738	8.01%
KAISAG 8.65 07/22/22	500,000	135,305	1.50%
KAISAG11.254/09/22	1,200,000	328,680	3.63%
KMCMIN 6.2 06/27/22	800,000	774,688	8.56%
SUNAC 5.95 04/26/24	500,000	322,835	3.57%
ZZCITY 5.7 05/24/22	600,000	609,756	6.74%
EGYPT (4.92%)			
EGYPT 5.875 02/16/31	500,000	444,480	4.92%
HONG KONG (12.19%)			
BNKEA 5.825 PERP	300,000	315,999	3.49%
CHIYBK VAR PER 11/71	500,000	477,130	5.28%
PEAKRN 5.35 PREP	300,000	309,174	3.42%
INDONESIA (4.61%)			
INDYIJ 8.25 10/22/25	400,000	416,804	4.61%
JAPAN (3.25%)			
NIPDES 1.239 9/16/26	300,000	294,201	3.25%
South Korea (2.22%)			
EIRKOR 1.75 10/19/28	200,000	200,676	2.22%
KUWAIT (2.28%)			
KIBKK VAR PERP 06/69	200,000	206,574	2.28%
MACAO (5.23%)			
SANLTD 2.3 03/08/27	500,000	472,755	5.23%
OMAN (4.84%)			
OMAN 6.25 01/25/31	400,000	437,948	4.84%
QATAR (3.34%)			
QTELQD 2.625 4/08/31	300,000	302,001	3.34%
UNITED ARAB EMIRATES (13.83%)			
EBIUH VAR PERP 04/70	600,000	644,604	7.13%
SHARSK 3.2 07/13/31	600,000	606,246	6.70%
Total investments		8,527,729	94.28%

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2021

	Holdings	Fair Value USD	% of Net assets
Other net assets		517,110	5.72%
Total net assets as at 31 December 2021		<u>9,044,839</u>	<u>100.00%</u>
Total investments at cost		<u>9,974,976</u>	

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Investments (96.06 %)	2020	Holdings/principal			2021
		Additions	Mature	Disposals	
Futures					
FUT 10Y US TN JUN 20	-	50	-	50	-
FUT 10Y US TN SEP 20	-	60	-	60	-
Debt securities					
ACNRGY 5.1 PERP	500,000	-	-	500,000	-
ADINCO 3 02/16/31	500,000	-	-	500,000	-
AFREXI 2.634 5/17/26	-	500,000	-	-	500,000
ALVGR 3.5 PERP	1,000,000	-	500,000	1,500,000	-
BBLTB 5.00 PERP	500,000	-	-	500,000	-
BNKEA 5.825 PERP	-	300,000	-	-	300,000
CHINEV 3.8 PERP	1,000,000	-	-	1,000,000	-
CHINSC 7 05/02/25	1,000,000	-	-	1,000,000	-
CHIYBK VAR PER 11/71	-	500,000	-	-	500,000
CNBG 3.875 PERP	2,000,000	-	-	2,000,000	-
COGARD3.875 10/22/30	500,000	-	-	500,000	-
COGARD 7.25 04/08/26	2,000,000	-	-	2,000,000	-
CS VAR PERP 09/70	500,000	-	-	500,000	-
DIBUH VAR PERP 05/70	500,000	-	-	500,000	-
EBIUH VAR PERP 04/70	2,500,000	-	-	1,900,000	600,000
EFGBNK 5.5 PERP	-	1,000,000	-	300,000	700,000
EGYPT 5.875 02/16/31	-	500,000	-	-	500,000
EIRKOR 1.75 10/19/28	-	200,000	-	-	200,000
GFHSUK 7.5 01/28/25	350,000	-	-	350,000	-
HAOHUA 3.35 PERP	2,400,000	-	-	2,400,000	-
INDYIJ 8.25 10/22/25	1,000,000	-	-	600,000	400,000
INGREN 5.375 4/29/24	250,000	-	-	250,000	-
INVCOR 3.223 4/28/26	500,000	-	-	500,000	-
KAISAG 8.65 07/22/22	-	500,000	-	-	500,000
KAISAG11.254/09/22	1,200,000	-	-	-	1,200,000
KIBKK VAR PERP 06/69	-	650,000	-	450,000	200,000
KMCMIN 6.2 06/27/22	1,000,000	-	-	200,000	800,000
MGMTGE 9.75 01/29/22	1,400,000	-	-	1,400,000	-
NIPDES 1.239 9/16/26	-	500,000	-	200,000	300,000
NWDEVL 4.8 PERP	500,000	-	-	500,000	-
OMAN 6.25 01/25/31	-	1,500,000	-	1,100,000	400,000
PEAKRN 5.35 PREP	300,000	-	-	-	300,000
PHILIP 1.648 6/10/31	1,500,000	-	-	1,500,000	-
PHILIP 2.65 12/10/45	1,500,000	-	-	1,500,000	-
QTELQD 2.625 4/08/31	-	2,000,000	-	1,700,000	300,000
REDSUN 9.7 04/16/23	400,000	-	-	400,000	-
SANLTD 2.3 03/08/27	-	500,000	-	-	500,000
SHARSK 3.2 07/13/31	-	1,000,000	-	400,000	600,000
SOCGEN VAR PER 11/70	1,600,000	-	-	1,600,000	-
SUNAC 5.95 04/26/24	-	500,000	-	-	500,000
SUNSHI 7.5 04/15/24	500,000	-	-	500,000	-
SUNSHI 8.25 11/25/23	300,000	-	-	300,000	-
WHMTR VAR PER 12/68	3,000,000	-	-	3,000,000	-
ZYAMCL 4.2 11/29/22	2,200,000	-	-	2,200,000	-
ZZCITY 5.7 05/24/22	2,400,000	-	-	1,800,000	600,000

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

As at 31 December 2021, there was no financial derivative instrument held by the Sub-Fund.

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Sub-Fund's total net asset value for the year ended 31 December 2021:

	2021 % of NAV
Lowest gross exposure	7.11%
Highest gross exposure	27.68%
Average gross exposure	15.64%

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Sub-Fund's total net asset value for the year ended 31 December 2021:

	2021 % of NAV
Lowest net exposure	7.11%
Highest net exposure	27.68%
Average net exposure	15.64%

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Net asset values

	Dealing Net asset value of the Sub- Fund	Dealing Net asset value per unit
At 31 December 2021 (Dealing NAV)	USD 9,044,839	
Class A USD (Acc)		USD2.228
Class R HKD (Acc)		HKD10.571
Class R HKD (Dis)		HKD10.496
At 31 December 2020 (Dealing NAV)	USD 38,449,882	
Class A USD (Acc)		USD2.445
Class R HKD (Acc)		HKD11.610
Class R HKD (Dis)		HKD11.609
At 31 December 2019 (Dealing NAV)	USD 66,528,170	
Class A USD (Acc)		USD2.528
Class R HKD (Acc)		HKD12.133
Class R HKD (Dis)		HKD12.133
Class A HKD (Acc)		HKD12.690

Highest and lowest net asset value per unit (Dealing NAV)

	Highest net asset value per unit	Lowest net asset value per unit
Year ended 31 December 2021		
Class A USD (Acc)	USD2.511	USD2.226
Class R HKD (Acc)	HKD11.924	HKD10.564
Class R HKD (Dis)	HKD11.839	HKD10.489
Year ended 31 December 2020		
Class A USD (Acc)	USD2.594	USD2.139
Class R HKD (Acc)	HKD12.442	HKD10.216
Class R HKD (Dis)	HKD12.442	HKD10.216
Year ended 31 December 2019		
Class A USD (Acc)	USD2.528	USD2.223
Class R HKD (Acc)	HKD12.479	HKD10.808
Class R HKD (Dis)	HKD12.137	HKD10.808
Class A HKD (Acc)	HKD12.694	HKD11.231
Year ended 31 December 2018		
Class R USD (Acc)	USD2.227	USD2.100
Class R USD (Dis)	USD2.194	USD2.069
Class A USD (Acc)	USD2.300	USD2.175
Class R HKD (Acc)	HKD11.949	HKD10.626
Class R HKD (Dis)	HKD11.263	HKD10.626
Class A HKD (Acc)	HKD11.604	HKD11.009

GLOBAL STRATEGIC EMERGING MARKETS BOND FUND
(A sub-fund of BOCOM International Fund)

PERFORMANCE TABLE (UNAUDITED) (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Highest and lowest net asset value per unit (Dealing NAV) (Continued)

	Highest net asset value per unit	Lowest net asset value per unit
Year ended 31 December 2017		
Class R USD (Acc)	USD2.215	USD2.100
Class R USD (Dis)	USD2.182	USD2.068
Class I USD (Acc)	USD2.265	USD2.137
Class R HKD (Acc)	USD11.166	USD10.500
Class R HKD (Dis)	HKD11.166	HKD10.501
Class I HKD (Acc)	HKD11.416	HKD10.687
Class A HKD (Acc)	HKD11.528	HKD10.771
Year ended 31 December 2016		
Class R USD (Dis)	USD2.085	USD1.965
Class A USD (Acc)	USD2.168	USD2.034
Class R HKD (Acc)	USD10.579	USD10.000
Class R HKD (Dis)	HKD10.579	HKD10.000
Class A HKD (Acc)	HKD10.842	HKD10.201
Year ended 31 December 2015		
Class R USD (Dis)	USD2.014	USD1.919
Class A USD (Acc)	USD2.075	USD1.973
Class R HKD (Acc)	HKD10.220	HKD9.734
Class R HKD (Dis)	HKD10.220	HKD9.734
Class A HKD (Acc)	HKD10.374	HKD9.859
Year ended 31 December 2014		
Class R USD (Acc)	USD2.064	USD1.892
Class R USD (Dis)	USD2.033	USD1.892
Class I USD (Acc)	USD2.079	USD1.901
Class R HKD (Acc)	HKD10.315	HKD9.475
Class R HKD (Dis)	HKD10.315	HKD9.475
Period ended 31 December 2013 (from inception)		
Class R USD (Dis)	USD2.052	USD1.798
Class A USD (Acc)	USD2.055	USD1.805
Class R HKD (Acc)	HKD10.266	HKD8.992
Class R HKD (Dis)	HKD10.266	HKD8.992
Class A HKD (Acc)	HKD10.282	HKD9.027