



中国太平  
CHINA TAIPING

## PRODUCT KEY FACTS

Taiping Investment Fund  
Taiping Greater China New Momentum Equity Fund

April 2022

Issuer: Taiping Assets Management (HK) Company Limited

- *This statement provides you with key information about Taiping Greater China New Momentum Equity Fund (the “Fund”).*
- *This statement is a part of the offering document.*
- *You should not invest in this product based on this statement alone.*

### Quick facts

**Fund Manager:** Taiping Assets Management (HK) Company Limited

**Trustee:** BOCI-Prudential Trustee Limited

**Custodian:** Bank of China (Hong Kong) Limited

**Dealing frequency:** Daily, on every business day in Hong Kong except Saturday

**Base currency:** Hong Kong Dollars (HK\$)

**Ongoing charges over a year\*:** 1.78%

**Dividend policy:** The Manager may in its absolute discretion make distributions from the net income from time to time.<sup>^</sup> The Manager will give investors notice prior to any distributions. Investors may elect to receive cash or to have their distributions reinvested in further Units of the same class. If no election is made by a Unitholder, the Manager will automatically reinvest the distribution in further Units of the same class.

<sup>^</sup> *Dividends will be derived solely from the net income (after deduction of fees and expenses), and will not be paid out of capital or effectively out of capital.*

**Financial year end of the Fund:** 31 December

|                         |                                 |                            |
|-------------------------|---------------------------------|----------------------------|
| <b>Min. investment:</b> | <u>Min. Subscription Amount</u> | <u>Min. Holding Amount</u> |
|                         | HK\$50,000                      | HK\$10,000                 |

\* The ongoing charges figure is the expenses charged to the Fund based on the audited financial statements for the year ended 31 December 2021. It represents the actual expenses charged to the Fund and is expressed as a percentage of the Fund's average net asset value over a year. This figure may vary from year to year.

## What is this product?

The Fund is a sub-fund of Taiping Investment Fund which is an umbrella unit trust governed by the laws of Hong Kong.

## Objective and Investment Strategy

### Objective

The Fund seeks to provide investors with medium to long term capital appreciation over time.

### Strategy

The Manager intends to make investments (at least 70% of the Fund's NAV) through a portfolio consisting of listed equity securities (which may include (but are not limited to) shares listed on the stock exchanges of Mainland China, Hong Kong and other China related stocks<sup>#</sup>) of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China (which includes the PRC, the Special Administrative Regions of Hong Kong and Macau), in particular the listed equity securities of companies in Hong Kong that are expected to achieve stable and high dividend returns. The Manager believes that the value of these companies should increase through their participation in the economic growth of the Greater China region.

The Fund may invest up to 50% of its NAV in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (together, "**Stock Connect**") or via Qualified Investors ("**QI**") status. The Fund may also invest up to 30% of its NAV in ChiNext market and Science and Technology Innovation Board in total.

The Fund may also invest less than 30% of its NAV in listed equity securities of companies which may have no connection with the Greater China region. Such equity securities are listed on exchanges worldwide including but not limited to the United States.

The Fund will be managed based on a value-oriented investment strategy, which means that the Manager will invest in assets which are considered to be undervalued, compared to their intrinsic value. The Fund will have no particular focus on market capitalisation, industry or sector.

The investment portfolio of the Fund may include listed equity securities of companies described above. In addition, the Fund may invest in these companies through Global Depository Receipts, American Depository Receipts, Chinese Depository Receipts, equity linked notes, or indirectly through other derivative instruments or may invest in derivative instruments for hedging purposes only.

The Manager currently does not intend to enter into any securities financing transactions or other similar over-the-counter transactions in respect of the Fund. The Fund will not receive any collateral.

<sup>#</sup> "other China related stocks" refer to the shares of companies which are not domiciled in Greater China, but have direct and significant operations in Greater China.

## Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be up to 50% of the Fund's net asset value.

## 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 Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

### **2. Concentration risk**

- The concentration of the Fund's investments in the PRC, Hong Kong and Macau may result in greater volatility than portfolios which comprise broad-based global investments, which may adversely affect the Fund.

### **3. Emerging markets risk**

- Investing in emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

### **4. China market risk**

- Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.
- Both the Shanghai and Shenzhen securities markets are in the process of development and change. High market volatility and potential settlement difficulties in the markets 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 Fund.
- The Fund's investments are concentrated in specific geographical location. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse social, economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market, which may adversely affect the capital growth and thus the performance of the Fund.
- Securities exchanges in PRC 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 Fund.
- RMB is currently not freely convertible and is subject to exchange controls and restrictions. 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 HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. The PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the

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.

#### **5. Stock Connect risk**

- The relevant regulations on Stock Connect are subject to change which may be retrospective. The program is subject to quota limitations which may restrict the Fund's ability to invest in China A Shares through the program on a timely basis. Where a suspension in the trading through the program is effected, the Fund's ability to access the Mainland China market (and hence its ability to pursue its investment strategy) will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

#### **6. Risk associated with investment made through QI regime**

- The 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.
- The Fund may suffer substantial losses if the approval of the QI status is being revoked/terminated or otherwise invalidated as the fund may be prohibited from trading of relevant securities and repatriation of the fund's monies, or if any of the key operators or parties (including QI custodian/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. PRC tax risk**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via QI status or Stock Connect or access products on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Based on professional and independent tax advice, the Fund will withhold 10% for tax provisions on any gross realized and unrealized gains (including capital gains) derived from investment in B Shares.
- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund's assets, will adversely affect the Fund's net asset value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

#### **8. Equity investment risk**

- The 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.

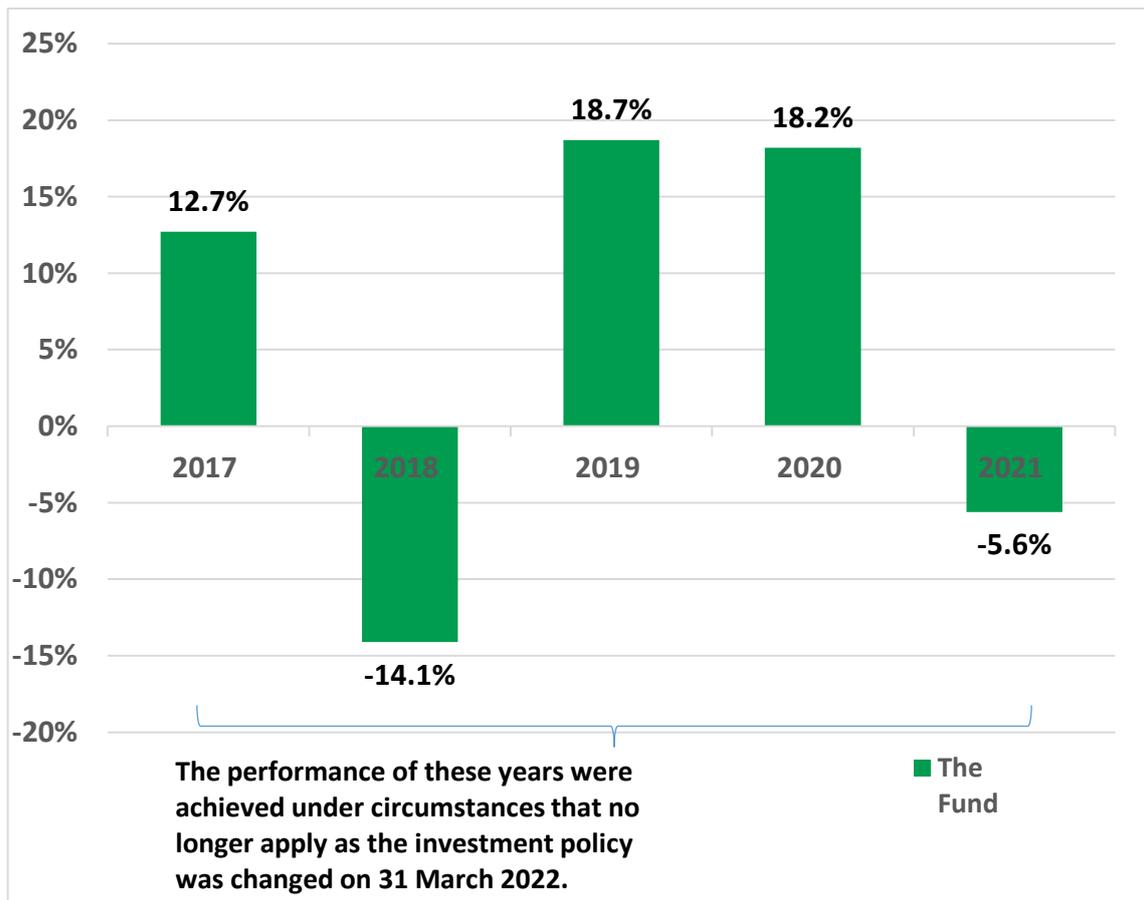
## 9. Risks associated with investments in financial derivative instruments

- The Fund may also be exposed to risk connected with investments in financial derivative instruments (“FDI”) for hedging purposes (i.e. counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk). The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Fund. Exposure to FDI may lead to a high risk of significant loss by the Fund.

## 10. Foreign exchange/currency risk

- The underlying investments of the Fund may be denominated in currencies other than HK Dollars. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and HK Dollars and by changes in exchange rate controls. It may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure. As a result, the Fund may suffer losses.

## How has the Fund performed?



- 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, with dividend reinvested.
- These figures show by how much the Fund increased or decreased in value during the calendar

year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay (if any).

- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2009
- Current class (formerly named Class B) launch date: 15 December 2014.

## 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 this Fund.

| <u>Fee</u>                     | <u>What you pay</u>  |
|--------------------------------|--|
| Subscription fee               | Up to 5% of the issue price  |
| Switching fee (conversion fee) | Up to 3% of the issue price per unit of the new Class of Units for each unit converted |
| Redemption fee                 | Up to 4% of the redemption price   |

### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

|                           | <b>Annual rate (as a % of the Fund's net asset value)</b>  |
|---------------------------|--|
| <b>Management fee</b>     | 1.50% p.a. <sup>+</sup>  |
| <b>Trustee fee</b>        | 0.15% p.a. for the first HK\$250 million of the net asset value of the Fund,<br>0.125% p.a. for the next HK\$250 million of the net asset value of the Fund, and<br>0.11% per annum for the remaining balance of the net asset value of the Fund,<br>subject to a minimum monthly fee of HK\$40,000 <sup>+</sup> |
| <b>Custody fee</b>        | Up to 0.045% p.a.  |
| <b>Performance fee</b>    | Nil  |
| <b>Administration fee</b> | Nil  |

### Other fees

You may have to pay other fees and charges when dealing in the units of the Fund.

<sup>+</sup> You should note that such fees may be increased, up to a specified permitted maximum level, by giving the relevant Unitholders at least 1 month's prior notice. For details, please refer to the section of "Expenses and Charges" in the main body and Appendix A of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and redeem units at the Fund's next-determined net asset value after the Trustee receives your request in good order on or before 4:00p.m. (Hong Kong time) being the dealing cut-off time. A distributor may impose different dealing deadlines for receiving requests from you
- The net asset value of this Fund is calculated and the price of units published on each dealing day on the Manager's website (<http://www.tpahk.cntaiping.com>). This website has not been reviewed 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.