農銀國際
ABC INTERNATIONAL

PRODUCT KEY FACTS

ABCI INVESTMENT FUNDS
ABCI DYNAMIC INCOME FUND

30 April 2019

Issuer: ABCI Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager:	ABCI Asset Management Limited
Trustee and Registrar:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Ongoing charges:	Class A (RMB, USD and EUR) Units 1.36%^ Class I (RMB, USD and EUR) Units 1.26%* ^The ongoing charges figure is the Manager's best estimate based on the information available on other active class for the year ending 2018 with a similar fee structure, as this class has not been launched. The actual figure may be different from this estimated figure and may vary from year to year. *The ongoing charges figure is based on the annualized audited expenses for the year ending 2018. The figure may vary from year to year.
Dealing frequency:	Daily
Base currency:	RMB
Dividend policy:	Dividends will be declared on an annual basis in December (dividend rate or amount is not guaranteed). Dividends may be paid out of capital or effectively out of capital. All distributions declared will be automatically reinvested unless otherwise elected by the Unitholders, in which case the relevant proceeds will be paid to the Unitholders in the relevant class currency within one month of declaration.
Financial year end of this fund:	31 December
Minimum initial investment:	Class A (RMB) Units: RMB10,000 Class A (USD) Units: USD2,000 Class A (EUR) Units: EUR2,000 Class I (RMB) Units: RMB5,000,000 Class I (USD) Units: USD1,000,000 Class I (EUR) Units: EUR1,000,000
Minimum subsequent investment:	Class A (RMB) Units: RMB10,000 Class A (USD) Units: USD2,000

	Class A (EUR) Units:	EUR2,000
	Class I (RMB) Units:	RMB1,000,000
	Class I (USD) Units:	USD200,000
	Class I (EUR) Units:	EUR200,000
Minimum holding:	Class A (RMB) Units:	RMB10,000
	Class A (USD) Units:	USD2,000
	Class A (EUR) Units:	EUR2,000
	Class I (RMB) Units:	RMB5,000,000
	Class I (USD) Units:	USD1,000,000
	Class I (EUR) Units:	EUR1,000,000
Minimum redemption amount:	Class A (RMB) Units:	RMB10,000
	Class A (USD) Units:	USD2,000
	Class A (EUR) Units:	EUR2,000
	Class I (RMB) Units:	RMB1,000,000
	Class I (USD) Units:	USD200,000
	Class I (EUR) Units:	EUR200,000

What is this product?

The ABCI Dynamic Income Fund (the "Sub-Fund") is a sub-fund of ABCI Investment Funds, an umbrella unit trust established under the laws of Hong Kong.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to achieve long-term appreciation of the capital through an income stream from a portfolio of RMB and USD fixed income instruments and preferred stocks globally (except in the PRC).

Strategy

Asset Allocation

The Sub-Fund seeks to achieve its investment objective by investing 70% to 100% of its Net Asset Value ("**NAV**") in listed or unlisted fixed income instruments and preferred stocks with fixed income features. These instruments include but are not limited to:

- government bonds;
- central bank bills;
- fixed income instruments issued by corporations and financial institutions;
- preferred stocks issued by corporations and financial institutions, including preferred stocks with an embedded derivative feature. For example, there may be a call provision embedded option in a preferred stock that would give the issuer the right (but not the obligation) to redeem the preferred stock before its scheduled maturity; and
- "Dum Sum" bonds, i.e. fixed income instruments issued outside of the PRC but denominated in RMB.

The Sub-Fund may also hold up to 30% of its NAV in RMB and/or USD cash and cash equivalents where it considers it is in the interest of the Sub-Fund to do so, for example following a large amount of subscription or to look for better investment opportunities.

Investments of the Sub-Fund may be denominated in RMB or USD. There is no geographical criterion on the place of issue of the instruments or their issuers, except that the Sub-Fund will not invest in securities issued in the PRC. The Sub-Fund may invest up to 100% of the NAV in emerging markets.

Investments in instruments (including preferred stocks) with non-viability / loss absorption convertible features will not exceed 30% of the Sub-Fund's NAV. Such investments may be subject to compulsory conversion by the issuer into ordinary shares upon the occurrence of a trigger event which may be out of the issuer's control, for example when the tier 1 capital adequacy ratio of an issuer (which is a bank) falls below a certain level, and the Sub-Fund may hold ordinary shares as a result. The Sub-Fund will dispose of such ordinary shares within 30 calendar days, unless, due to unusual market conditions (such as lack of liquidity), the Sub-Fund is unable to dispose of such ordinary shares, in which case the Sub-Fund will dispose of such securities as soon as practicable.

The Sub-Fund may use both exchange-traded and over-the-counter financial derivative instruments ("**FDIs**"), including, but not limited to, futures, forwards, swaps and options, for hedging purposes only. The Sub-Fund has no intention to invest in structured deposits, structured products or to take any short positions or use any leverage for hedging or non-hedging purposes, or to invest in FDIs for non-hedging purposes, and the Manager will not enter into any securities lending, repurchase / reverse repurchase or similar over-the-counter transactions in respect of the Sub-Fund. If this changes in the future, prior approval of the SFC will be sought and not less than one month's written notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

The Sub-fund will not invest in asset backed securities (including asset backed commercial papers and mortgage backed securities).

The Sub-Fund does not have a requirement on the credit rating of the fixed income instruments or preferred stocks. The Manager will allocate between investment grade fixed income instruments and high yield bonds (i.e. below investment grade bonds and bonds not rated by international credit rating agencies) within the Sub-Fund's fixed income instruments in response to the market outlook. Up to 100% of the Sub-Fund's NAV may be invested in high yield bonds and/or in preferred stocks which are or whose issuers are below investment grade or unrated. The Manager will allocate between fixed income instruments and preferred stocks in response to the market outlook.

Credit rating

A long-term fixed income instrument or preferred stock is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's and Fitch Ratings or Baa3 or higher by Moody's. A short-term fixed income instrument or preferred stock is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's. For the purpose of the Sub-Fund, "unrated" refers to where neither the instrument itself nor its issuer has a credit rating assigned by international credit rating agencies.

What are the key risks?

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

1. **Investment risks**
   - You should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the Sub-Fund's assets. Accordingly, there is a risk that you may lose a substantial part or all of your investment. There can be no assurance that the Sub-Fund will achieve its investment objective.
2. **Risks associated with fixed income instruments**

   Interest rate risk
   - Generally, the value of fixed income instruments is expected to be inversely correlated with changes in interest rates. Any increase in interest rates may adversely impact the value of the Sub-Fund's fixed income portfolio.

   Credit risk
   - The Sub-Fund's is exposed to the credit risk of issuers of the fixed income instruments it may invest in. In the event of a default or credit rating downgrading of issuers, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against issuers.

   Downgrading risk
   - Fixed income instruments may be subject to the risk of being downgraded. In the event of

downgrading in the credit rating of an instrument or that of its issuer, the Sub-Fund's investment value in such instrument may be adversely affected and the liquidity of such instruments may deteriorate. The Manager may or may not, and may or may not be able to, dispose of the fixed income instruments that are being downgraded.

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.

Credit rating risk

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

3. Risk associated with fixed income instruments rated below investment grade or unrated / liquidity risk

- The Sub-Fund may invest substantially in fixed income instruments rated below investment grade or unrated and instruments where the volume of transactions may fluctuate significantly depending on market sentiment, for example high yield bonds and instruments with non-viability / loss absorption convertible features. Such instruments are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated fixed income instruments. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. If sizeable redemption requests are received, the Sub-Fund may need to liquidate such instruments at a discount in order to satisfy such requests and the Sub-Fund may suffer losses.

4. Risks associated with preferred stocks

- Preferred stocks typically entitle holders to a fixed (but not guaranteed) dividend, paid in priority to ordinary shares. Because of their income nature, preferred stocks are subject to risks of fixed income instruments, including interest rate risk, credit risk, downgrading risk and credit rating risk, as described above.
- Investments in preferred stocks may also be subject to general market risks related to equity securities, which means that their value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. Preferred stocks may also be less liquid compared to ordinary shares or fixed income instruments, and the Sub-Fund will be subject to liquidity risks. If the issuer of a preferred stock fails, the Sub-Fund as a holder of preferred stocks will have a junior claim to creditors and holders of fixed income instruments issued by such issuer, and may be unable to recover the amount invested.
- Preferred stocks may have a call provision embedded which gives the issuer the right to redeem before its scheduled maturity at a pre-set value. Such feature limits the upside of the Sub-Fund's investments and may disrupt the income stream of the Sub-Fund.
- In the event of compulsory conversion of preferred stocks by the issuer into ordinary shares, the Sub-Fund may hold ordinary shares as a result. Although the Manager will try to sell the ordinary shares within 30 days (except under unusual conditions), this may affect the implementation of the investment objective. The Sub-Fund may incur a loss or may be disadvantaged if the conversion takes place when the ordinary shares were unfavourably priced.

5. Risks associated with investment in instruments with non-viability / loss absorption convertible features

Investments in instruments (including preferred stocks) with non-viability / loss absorption convertible features may be subject to the following key risks:

Trigger level risk / conversion risk

- Trigger levels differ and determine exposure to conversion risk. It might be difficult for the

Manager to anticipate the triggering events that would require the conversion.

- These instruments may be converted into shares potentially at a discounted price, or the principal amount invested may be lost.
- In case of conversion, the Manager may be forced to sell these new equity shares and such forced sale may result in the Sub-Fund experiencing some loss.

Coupon / fixed dividend payment cancellation risk

- Coupon / fixed dividend payments are entirely discretionary and may be cancelled by the issuer. As a result, these instruments may be volatile and their price may decline rapidly in the event that coupon / fixed dividend payments are suspended.

Sector concentration risk

- These instruments are issued by banking and insurance institutions. The performance of the Sub-Fund may depend to a greater extent on the overall condition of the financial services industry than for funds following a more diversified strategy.

Novelty and untested nature

- The structure of these instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

6. "Dim sum" bond market risks

- The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

7. Emerging markets risk

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

8. RMB currency risk

- RMB is currently not freely convertible and is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. There is no guarantee that RMB will not depreciate. Any depreciation of RMB could adversely affect the value of an investor's investment in the Sub-Fund. Investors whose assets and liabilities are predominantly in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and the RMB.

9. Currency risk and currency conversion risks

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- Subscription funds in RMB/USD/EUR may be converted into RMB/USD (as the case may be) at the applicable exchange rate and subject to the applicable spread. Similarly, the Manager may convert redemption proceeds and dividends. Investors should take into account the potential risk of loss in respect of subscriptions, redemptions and dividends arising from currency fluctuations.
- Although the Manager intends to effect foreign exchange hedging to mitigate the potential risk of loss arising from currency conversion, there is also no guarantee that such hedging activities will be effective.
- In calculating the NAV per Unit of a non-RMB class, the Manager will apply the offshore RMB (CNH) rate. Although 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.

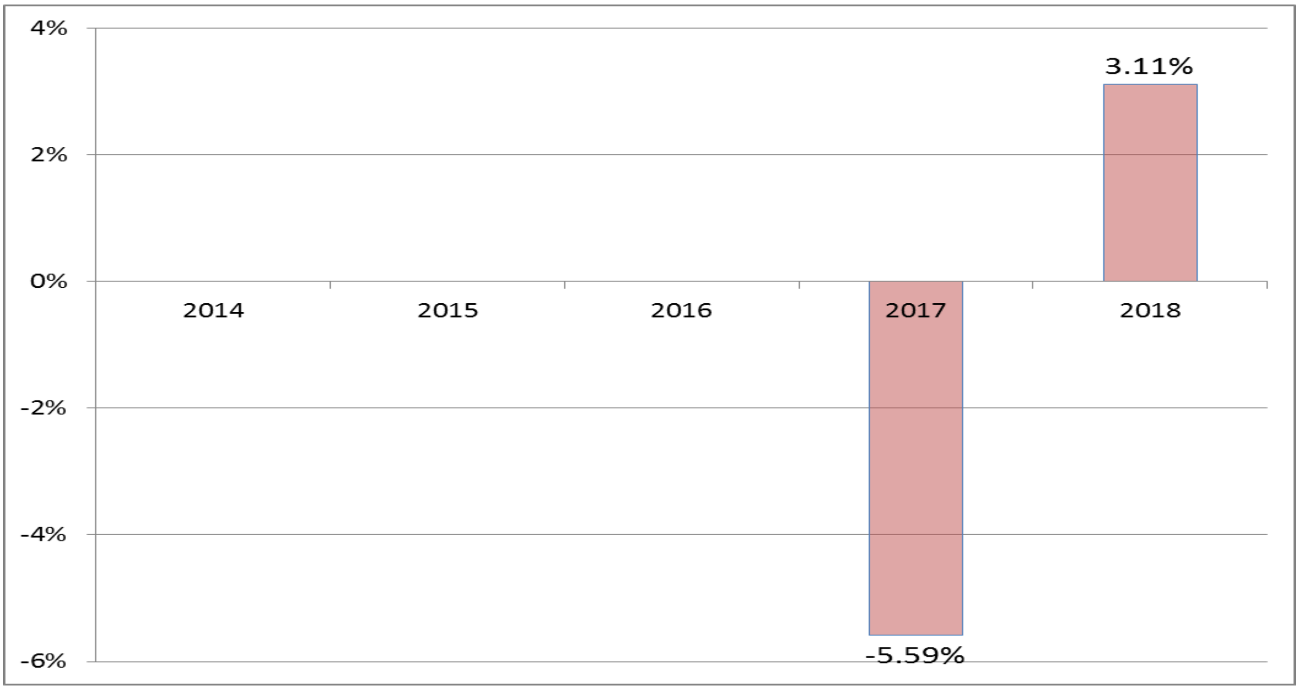
10. Risks associated with use of FDIs for hedging purposes

- The Manager may from time to time utilise FDIs for the purpose of hedging only. Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk, leverage risk, correlation risk, legal risk, settlement risk and over-the-counter markets risk. The leverage element of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund. There is also no guarantee that the use of FDIs for hedging purposes will be effective.

11. Dividends payable out of capital or effectively out of capital risk

- Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Sub-Fund's capital may result in an immediate reduction of the NAV per Unit.

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 Class I increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 2016.
- Class I launch date: 2016.
- The Manager views Class I, being the only unit class offered in Hong Kong, as the most appropriate representative unit class.

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.

Fee	What you pay
Subscription fee	Up to 5% of the subscription price
Switching fee (i.e. conversion fee)	Up to 2% of the redemption price of the Units being switched
Redemption fee	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.

Fee	Annual rate (as a % of the Sub-Fund's NAV)
Management fee	Class A (RMB, USD and EUR) Units: 0.60%*
	Class I (RMB, USD and EUR) Units: 0.50%*
Performance fee	Nil
Trustee fee	Class A (RMB, USD and EUR) Units: up to 0.175%*
	Class I (RMB, USD and EUR) Units: up to 0.175%* Subject to a minimum monthly fee of RMB40,000
Custodian fee	Class A (RMB, USD and EUR) Units: up to 0.10%*
	Class I (RMB, USD and EUR) Units: up to 0.10%*

Other fees

You may have to pay other fees when dealing in the Units of the Sub-Fund.

* You should note that some fees may be increased, up to a specified permitted maximum, by giving affected Unitholders at least one month's prior notice. For details please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional information

- You generally buy and redeem units at the Sub-Fund's NAV which is determined on the dealing day on which your request is received in good order at or before 4:00 pm (Hong Kong time), being the Sub-Fund's dealing cut-off time. Before placing your subscription orders or redemption request, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The Sub-Fund's NAV and the latest subscription and redemption prices of units are available on the Manager's website http://am.abci.com.hk/funds (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months will be available from the Manager on request and on the Manager's website.

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.