華安資產管理（香港）有限公司
HuaAn Asset Management (Hong Kong) Ltd

PRODUCT KEY FACTS
HuaAn Investment Fund OFC
HuaAn Investment Grade Bond Fund

April 2024

- ***This statement provides you with key information about HuaAn Investment Grade Bond Fund ("Sub-Fund").***
- ***This statement is a part of the offering document and must be read in conjunction with the Prospectus of HuaAn Investment Fund OFC.***
- ***You should not invest in this product based on this statement alone.***

Quick Facts

Manager:	HuaAn Asset Management (Hong Kong) Limited
Custodian:	Bank of Communications Trustee Limited
Ongoing charges over a year:	Class A USD (accumulation): 1.83%* Class A HKD (accumulation): 1.83%* Class A RMB (accumulation): 1.83%* Class A USD (distribution): 1.83%* Class A HKD (distribution): 1.83%* Class A RMB (distribution): 1.83%* Class I USD (accumulation): 1.11# Class I HKD (accumulation): 1.43%* Class I RMB (accumulation): 1.43%* Class I USD (distribution): 1.43%* Class I HKD (distribution): 1.43%* Class I RMB (distribution): 1.43%*
Dealing frequency:	Daily
Base currency:	USD
Dividend policy:	**Distribution Class(es):** The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions for Distribution Classes of shares will be made on a quarterly basis. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. The Sub-Fund may pay dividends out of capital or effectively out of capital, and reduce the Sub-Fund's Net Asset Value ("**NAV**"). **Accumulation Class(es):** No distribution to shareholders.
Financial year end of this fund:	31 December
Minimum investment:	

	Initial	Subsequent
Class A USD	USD 1,000	USD 10
Class A HKD	HKD 8,000	HKD 100
Class A RMB	RMB 8,000	RMB 100
Class I USD	USD 65,000	USD 1,000
Class I HKD	HKD 500,000	HKD 10,000
Class I RMB	RMB 500,000	RMB 10,000

The ongoing charges figure represents the sum of the ongoing expenses chargeable to the relevant class of the Sub-Fund for the year ended 31 December 2023 expressed as a percentage of the average NAV of such relevant class of the Sub-Fund over the same period. This figure may vary from year to year.

* The ongoing charges figure is an estimate only as these unit classes have not been launched or are newly launched. It represents the sum of the estimated ongoing expenses chargeable to the respective class of the Sub-Fund over a 12-month period expressed as a percentage of the estimated average NAV of the respective class of the Sub-Fund over the same period. The actual figure may

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be different from the estimate and the figure may vary from year to year.

What is this product?

HuaAn Investment Grade Bond Fund is a sub-fund of HuaAn Investment Fund OFC (the “**Company**”), which is a Hong Kong public open-ended fund company regulated under the laws of Hong Kong with variable capital and limited liability and segregated liability between sub-funds registered and incorporated under Part IVA of the Securities and Futures Ordinance (Cap. 571) (the “**SFO**”).

The Company has been registered with the SFC as an open-ended fund company (“**OFC**”) and the Company and the Sub-Fund have been authorised by the SFC pursuant to section 104 of the SFO. It is governed by the laws of Hong Kong.

Investment Objective and Policy

Investment Objective

The Sub-Fund seeks to provide investors with a stable and consistent investment return over medium to long term by investing primarily in investment grade debt securities globally.

Investment Policy

The Sub-Fund will primarily (i.e. at least 70% of its NAV) invest in investment grade debt securities globally. The Sub-Fund may invest up to 30% of its NAV in below investment grade or unrated debt securities, which in the opinion of the Manager are suitable for achieving the investment objective of the Sub-Fund.

“Investment grade” means either a rating of BBB- or above from Standard & Poor’s or Fitch, Baa3 or above from Moody’s or an equivalent rating from any internationally recognized credit rating agency, or a rating of AAA or above from a mainland Chinese credit rating agency. For this purpose, if the relevant debt security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of the debt security.

“Unrated debt security” means a debt security which neither itself nor its issuer has a credit rating from Standard & Poor’s, Fitch, Moody’s, any internationally recognized credit rating agency or any mainland Chinese credit rating agency.

The Manager will assess the credit risks of the fixed income instruments based on quantitative and qualitative fundamentals, including without limitation, the issuer’s leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, firm’s competitive position and corporate governance issue.

The debt securities in which the Sub-Fund may invest include (but are not limited to) long-term bonds, medium-term notes, bills, convertible bonds, contingent convertible bonds ("**CoCos**”), subordinated debt, Dim Sum bonds (i.e. bonds issued outside of mainland China but denominated in RMB), asset-backed debt securities, mortgage-backed securities, asset-backed commercial paper, certificate of deposits and commercial papers.

The Sub-Fund may invest less than 30% of its NAV in asset-backed debt securities, mortgage-backed securities and asset-backed commercial papers, and less than 30% of its NAV in Dim Sum bonds.

The Sub-Fund may invest less than 20% of its NAV in onshore mainland China debt securities market (including urban investment bonds) (via the Bond Connect, the China Interbank Bond Market (“**CIBM**”) or using the QFI (defined in the Prospectus) status of the Manager or through investment in other collective investment schemes or such other means as may be permitted under applicable laws and regulations from time to time). Urban investment bonds are debt instruments issued by mainland local government financing vehicles (“**LGFVs**”). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund is not subject to any limitation on the portion of its NAV that may be invested in any one country or region, and the weight in one country may go up to 100% of the Sub-Fund’s NAV. The countries and regions in which the Sub-Fund may invest include, but are not limited to: Asia (including the Greater China region), US, European countries, which may include emerging markets.

The Sub-Fund will not focus its investment in any specific industries or sectors although the allocation in certain industry or sector may be relatively significant, depending on the Manager's assessment at different times.

The Sub-Fund may invest less than 30% of its NAV in debt instruments with loss-absorption features (i.e. debt instruments issued by a holding company of a financial institution with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level). These include CoCos, non-preferred senior debt instruments and Additional Tier 1 and Tier 2 capital instruments that meet the qualifying criteria under the Banking (Capital) Rules or an equivalent regime of non-Hong Kong jurisdictions. The Sub-Fund will dispose of the foregoing ordinary shares as soon as possible taking into account the market conditions at that time.

The Sub-Fund will not invest more than 10% of its NAV in securities issued by and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade or unrated.

The Sub-Fund will invest not more than 10% of its NAV in preferred shares. Save for preferred shares, the Sub-Fund does not intend to invest in other equity securities. However, depending on the market conditions, there may be a possibility that the Manager will convert the invested convertible bonds (or similar instruments) to equities to realize the profits. In this case, the equities will be sold as soon as possible taking into account the market conditions at that time.

Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% of its NAV in cash or cash equivalents for cash flow management and defensive purposes.

The Sub-Fund may enter into sale and repurchase transactions and the expected and maximum level of the Sub-Fund's assets available for the sale and repurchase transactions is 30% of its NAV. The Sub-Fund does not intend to engage in securities lending and reverse repurchase transactions.

The Sub-Fund may employ financial derivative instruments such as future and forwards for hedging and/or investment purposes.

Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

What are the key risks?

General investment risk

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

Risks relating to debt securities

- *Credit / counterparty risk*: The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.
- *Interest rate risk*: Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Sovereign debt risk*: The Sub-Fund's investment in debt 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.
- *Volatility and liquidity risk*: The debt securities in emerging/certain markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

- *Downgrading risk*: The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Valuation risk*: Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.
- *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.
- *Credit rating agency risk*: The credit appraisal system in mainland China and the rating methodologies employed in the mainland China may be different from those employed in other markets. Credit ratings given by mainland Chinese rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *Below investment grade and unrated securities risk*: The Sub-Fund may invest in debt securities rated below investment grade or which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

Risks relating to sale and repurchase transactions

- In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Concentration risk

- The Sub-Fund may invest substantially in one country or in certain industries or sectors and is subject to concentration risk. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asian, US and European markets.

Euro and EU related risks

- The Sub-Fund may have investment exposure to Europe and the Eurozone. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Sub-Fund.

Risks of investing in convertible bonds

- A convertible bond is a hybrid between debt and equity, permitting holders to convert the bond into shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity risks, in addition to the risks of debt securities generally, and may be subject to greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Emerging markets risk

- The Sub-Fund may invest in emerging markets which may involve increased risks and special considerations not typically associated with investments 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.

RMB currency and conversion risk

- 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 RMB denominated

classes of shares.

- 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.

RMB share class risk

- When calculating the value of the RMB denominated class(es), CNH will be used. The value of the RMB denominated class(es) thus calculated will be subject to fluctuation.
- Non-RMB based (for example Hong Kong) investors may have to convert HKD or other currencies into RMB when investing in the RMB denominated class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the shares) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any).
- For RMB denominated class(es), since the share prices are denominated in RMB, but the Sub-Fund will not be fully invested in RMB-denominated underlying investments and its base currency is USD, so even if the prices of the non-RMB denominated underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency more than the increase in the value of the non-RMB denominated underlying investments and/or the base currency.
- Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency of the Sub-Fund (i.e. USD), and the value of the non-RMB denominated underlying investments decreased, the value of investors' investments in RMB denominated class(es) may suffer additional losses.

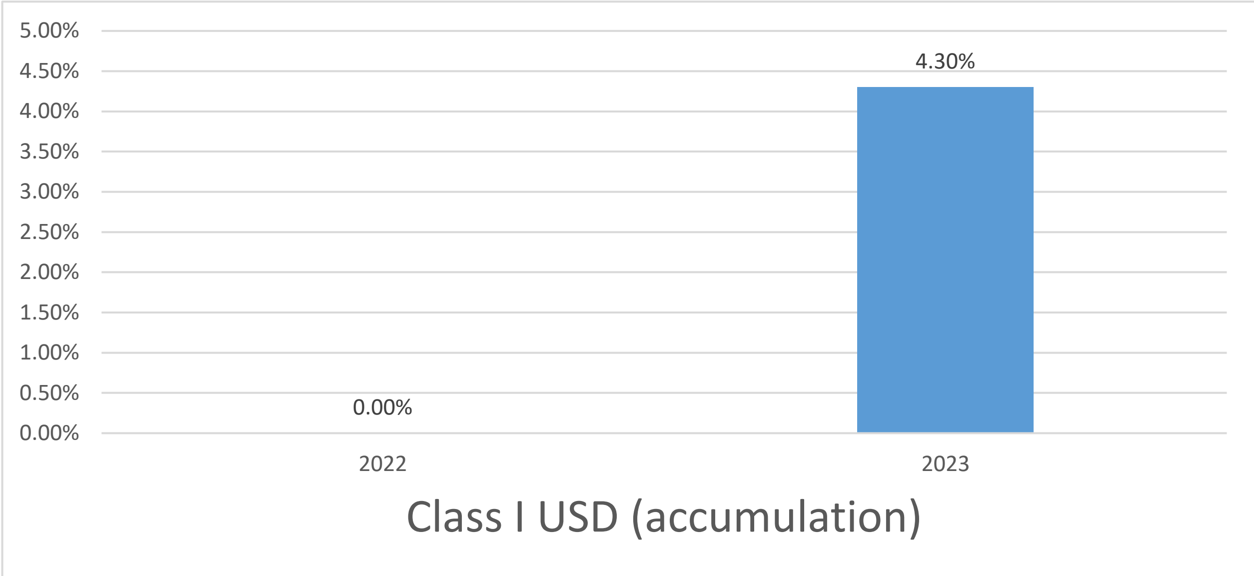
Currency and foreign exchange risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of shares may be designated in a currency 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.

Distributions out of/effectively out of capital risk

- Payments of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the NAV per share.

How has the Sub-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 increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 28 November 2022.
- Class I USD (accumulation) launch date: 28 November 2022.
- The Manager views Class I USD (accumulation), being the retail class denominated in the Sub-Fund's base currency, as the most appropriate representative 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 shares of the Sub-Fund.

Fee	What you pay
Preliminary Charge (% of subscription amount)	Class A: Up to 2% Class I: Up to 2%
Conversion Charge (% of the total amount being converted)	Class A: Nil Class I: Nil
Redemption Charge (% of redemption amount)	Class A: Nil Class I: Nil

Ongoing fees payable by the Sub-Fund

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

	Annual rate (as a % of the NAV of the relevant class of the Sub-Fund)
Management fee#	Class A: 0.80% Class I: 0.40%
Custodian and Administrator fee#	Class A: **Net Asset Value** — **Annual rate (as a % of NAV of the relevant Class)** Equals or is less than USD100 million — 0.07%* On excess over USD100 million — 0.06%* Class I: **Net Asset Value** — **Annual rate (as a % of NAV of the relevant Class)** Equals or is less than USD100 million — 0.07%* On excess over USD100 million — 0.06%* * subject to a minimum monthly fee of USD 1,200 (the minimum fee is waived for the first 13 months from the launch of the Sub-Fund), i.e. inclusively up to 31 December 2023.
Performance fee	N/A

The fee may be increased up to the permitted maximum level as disclosed in the Prospectus by giving no less than one month's prior notice. Please refer to the Prospectus for the permitted maximum level.

Other fees

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

Additional Information

- You generally buy, redeem and convert shares at the Sub-Fund's next-determined NAV after the processing agent or the authorised distributors receives your request in good order on or before 4.00p.m. (Hong Kong time) on a Dealing Day. The authorised distributors may impose different dealing deadlines for receiving requests from investors. Investors should confirm the arrangements with the authorised distributor(s) concerned.
- The NAV of this Sub-Fund is calculated and the price of shares are published on each "business day". They are available online at http://www.huaan.com.hk/. This website has not been reviewed by the SFC.
- Investors may obtain information on HuaAn Asset Management (Hong Kong) Limited from the following website: http://www.huaan.com.hk/.This website has not been reviewed by the SFC.
- Compositions of distribution (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Manager on request and also on the following website: http://www.huaan.com.hk/. This website has not been reviewed by the SFC. The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one month's notice to investors.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

SFC registration and authorisation do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or their performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.

While section 112S of the SFO provides for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how these foreign courts will react to section 112S of the SFO.