

Issuer: Value Partners Hong Kong Limited

April 2024

- 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: Value Partners Hong Kong Limited

Trustee: HSBC Institutional Trust Services (Asia) Limited

Custodian: The Hongkong and Shanghai Banking Corporation Limited

Ongoing charges over a year*:

Class A Units: AUD Hedged Acc	1.58% [^]
Class A Units: AUD Hedged MDis	1.59% ^β
Class A Units: CAD Hedged Acc	1.58% [^]
Class A Units: CAD Hedged MDis	1.58% ^β
Class A Units: HKD Unhedged Acc	1.60% ^β
Class A Units: HKD Unhedged MDis	1.59% ^β
Class A Units: NZD Hedged Acc	1.58% [^]
Class A Units: NZD Hedged MDis	1.59% ^β
Class A Units: RMB Hedged Acc	1.58% [^]
Class A Units: RMB Hedged MDis	1.59% ^β
Class A Units: RMB Unhedged Acc	1.58% ^β
Class A Units: RMB Unhedged MDis	1.58% ^β
Class A Units: SGD Hedged Acc	1.59% ^β
Class A Units: SGD Hedged MDis	1.59% ^β
Class A Units: USD Unhedged Acc	1.58% ^β
Class A Units: USD Unhedged MDis	1.58% ^β
Class V Units: HKD Unhedged Acc	0.85% [#]
Class V Units: HKD Unhedged MDis	0.84% [#]
Class V Units: SGD Hedged Acc	0.84% [#]
Class V Units: SGD Hedged MDis	0.84% [#]
Class V Units: USD Unhedged Acc	0.83% [#]
Class V Units: USD Unhedged MDis	0.83% [#]

Dealing frequency: Daily

Base currency: USD

* The ongoing charges figure is expressed as a percentage of the sum of expenses over the average net asset value of the class of units for the corresponding period as described below. This figure may vary from year to year. Information is updated as at 27 March 2024.

β This figure is based on the expenses for the year ended 31 December 2023.

^ The first issue of the class of units has not yet occurred. This ongoing charges figure is an estimate only and is based on the estimated ongoing charges figure of Class A Units USD Unhedged Acc with similar fee structure over a 12-month period. The actual ongoing charges figure may be different and may vary from year to year.

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Dividend policy:

Class A Units: AUD Hedged MDis, CAD Hedged MDis, HKD Unhedged MDis, NZD Hedged MDis, RMB Hedged MDis, RMB Unhedged MDis, SGD Hedged MDis and USD Unhedged MDis;

Class V Units: HKD Unhedged MDis, SGD Hedged MDis and USD Unhedged MDis:

At its discretion, the Manager currently intends to make monthly dividend distribution at its discretion. Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value per Unit of the Sub-Fund.

Class A Units: AUD Hedged Acc, CAD Hedged Acc, HKD Unhedged Acc, NZD Hedged Acc, RMB Hedged Acc, RMB Unhedged Acc, SGD Hedged Acc and USD Unhedged Acc;

Class V Units: HKD Unhedged Acc, SGD Hedged Acc and USD Unhedged Acc:

It is the current intention of the Manager that dividend distributions will not be made in respect of these Classes.

Financial year end of this fund:

31 December

Classes available:

Class A Units: AUD Hedged Acc, AUD Hedged MDis, CAD Hedged Acc, CAD Hedged MDis, HKD Unhedged Acc, HKD Unhedged MDis, NZD Hedged Acc, NZD Hedged MDis, RMB Hedged Acc, RMB Hedged MDis, RMB Unhedged Acc, RMB Unhedged MDis, SGD Hedged Acc, SGD Hedged MDis, USD Unhedged Acc and USD Unhedged MDis;

Class V Units: HKD Unhedged Acc, HKD Unhedged MDis, SGD Hedged Acc, SGD Hedged MDis, USD Unhedged Acc and USD Unhedged MDis

Minimum initial investment:

Class A Units: USD10,000 or equivalent

Class V Units: USD1,000,000 or equivalent

Minimum subsequent investment:

Class A Units: USD5,000 or equivalent

Class V Units: USD100,000 or equivalent

Minimum holding:

Class A Units: USD10,000 or equivalent

Class V Units: USD1,000,000 or equivalent

Minimum redemption amount:

Class A Units: Nil

Class V Units: Nil

What is this product?

- The Value Partners Asian Total Return Bond Fund (the "Sub-Fund") is a sub-fund of Value Partners Fund Series which is a unit trust established under the laws of Hong Kong.
- The Sub-Fund will invest predominantly in Asia Pacific fixed income securities.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide a competitive total return, consisting of income and capital growth over the medium to longer term, by investing primarily in fixed income securities issued by any Asia Pacific governments, government agencies, supra-nationals, banks or companies which derive substantial revenue from or have significant business or economic activities in Asia Pacific or are denominated in any Asia Pacific currency. There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

In order to achieve the investment objective, the Manager will adopt a dynamic approach in asset allocation primarily among a wide range of debt securities based on the anticipated changes in market conditions. The Sub-Fund is not subject to any limitation on the portion of its Net Asset Value that may be invested in any specific industries or sectors.

Fixed income securities investments

The Sub-Fund seeks to achieve its investment objective by investing at least 70% of its Net Asset Value in fixed income securities issued by any Asia Pacific governments, government agencies, supra-nationals, banks or companies which derive substantial revenue from or have significant business or economic activities in Asia Pacific or are denominated in any Asia Pacific currency.

The Manager may invest not more than 30% of the Sub-Fund's Net Asset Value outside the Sub-Fund's principal geographical areas or asset classes. For the purpose of this Sub-Fund, "Asia Pacific" includes but is not limited to Australia and New Zealand, and includes emerging market countries as well as developed countries.

The Sub-Fund may invest up to 45% of its Net Asset Value in bonds and other debt securities which (or the issuers of which) are rated Below Investment Grade, or which are unrated.

For the purposes of the Sub-Fund:

- A fixed income security which is rated below investment grade is defined as a fixed income security which (or the issuer of which) is rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor's, Moody's and/or Fitch) ("Below Investment Grade"). For split credit ratings, the highest rating shall apply; and
- An "unrated" fixed income security is defined as a fixed income security which neither the security itself nor its issuer has a credit rating.

The Sub-Fund may also invest up to 20% of its Net Asset Value in debt securities denominated in RMB and issued in mainland China ("Onshore Debt Securities") through direct investment in the China interbank bond markets via Bond Connect. Onshore Debt Securities in which the Sub-Fund may invest will not be subject to any duration or minimum credit rating requirements, but will, for the avoidance of doubt, be subject to the investment limit for unrated and/or Below Investment Grade debt securities.

The Sub-Fund may also invest up to 20% of its Net Asset Value in debt securities denominated in RMB and issued outside of mainland China ("Dim Sum" bonds). The Sub-Fund's exposure to investments denominated in RMB including Onshore Debt Securities and "Dim Sum" bonds shall not exceed 20% of its Net Asset Value.

The Sub-Fund will not invest more than 10% of its Net Asset Value in debt securities issued by and/or guaranteed by any single sovereign issuer (including its government, public or local authority) which is Below Investment Grade.

The Sub-Fund may invest up to 20% of its Net Asset Value in convertible bonds and/or contingent convertible securities.

The Sub-Fund may invest less than 30% of its Net Asset Value in instruments with loss-absorption features ("LAPs") such as contingent convertible bonds issued by financial institutions, non-preferred senior debt instruments, certain Additional Tier 1 and Tier 2 capital instruments and external loss-absorbing capacity debt instruments. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may also invest up to 30% of its Net Asset Value in fixed income securities issued by governments, government agencies, supra-nationals, banks or companies outside the Asia Pacific region (including but not limited to bonds, convertible bonds, notes and other fixed or floating rate securities issued by such issuers outside the Asia Pacific region).

Other investments

The Sub-Fund may invest up to 30% of its Net Asset Value in (i) collective investment schemes (including funds that are authorised by the SFC and eligible to directly invest in mainland China through RQFII ("RQFII funds") and exchange traded funds ("ETFs")); and/or (ii) equity securities including but not limited to shares (including China A-Shares and China B-Shares), American Depositary Receipts ("ADRs") and real estate investment trusts ("REITs").

Investment by the Sub-Fund in ETFs is considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of Code on Unit Trusts and Mutual Funds issued by the SFC (the "Code").

The Sub-Fund may invest up to 10% of its Net Asset Value in collective investment schemes which are non-recognised jurisdiction schemes and not authorised by the SFC.

The Sub-Fund's portfolio may also temporarily include cash and cash equivalents, up to 100% of the Sub-Fund's Net Asset Value, under exceptional circumstances (such as in the event of market crashes, major crisis or to mitigate the risk of potential sharp reversals and fall in the equity or bond markets) for cash flow management.

The Sub-Fund may use financial derivative instruments with the aim of hedging risks, reducing cost and/or generating additional capital or income (including for investment purposes) to the extent in line with the risk profile of the Sub-Fund and permitted by the Code and the provisions set out under the sub-section "Financial derivative instruments" in the Explanatory Memorandum of the Sub-Fund. Financial derivative instruments to be used by the Sub-Fund includes, but not limited to, options, warrants, index swaps, interest rate swaps, total return swaps, credit default swaps, futures contracts, currency forwards and structured products.

The Manager may also enter into repurchase or reverse-repurchase transactions in respect of the Sub-Fund in accordance with Chapter 7 of the Code and the policy set out under the sub-section "Securities financing transactions" in the Explanatory Memorandum of the Sub-Fund. The expected proportion of the Sub-Fund's Net Asset Value subject to such transactions will not exceed 15% of its Net Asset Value and the maximum proportion is expected to be less than 30% of its Net Asset Value. The Manager has no current intention to enter into securities lending or similar transactions in respect of the Sub-Fund.

Investments in China onshore securities

The Sub-Fund's aggregate exposure to investments (whether direct or indirect) in securities issued in mainland China (including A-Shares, B-Shares and Onshore Debt Securities) shall not exceed 20% of its Net Asset Value.

Asset allocation table

The Sub-Fund's portfolio will be allocated, according to asset class, as follows:

Asset class	Indicative percentage of Net Asset Value
Fixed income securities (Asia Pacific fixed income securities including Onshore Debt Securities, "Dim sum" bonds and other fixed income securities (including but not limited to convertible bonds and contingent convertible bonds))	70% to 100%
Non-Asia Pacific securities and other asset classes (Including but not limited to non-Asia Pacific fixed income securities, collective investment schemes (including RQFII funds and ETFs) and equities (including A- Shares, B-Shares, ADRs and REITs))	0% to 30%
Cash and cash equivalents	0% to 100%

The asset allocation of the Sub-Fund will change according to the Manager's views of fundamental economic and market conditions and investment trends, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

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

1. Investment risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.

2. Concentration risk

- The Sub-Fund is subject to concentration risk as a result of the concentration of its investments in the Asia Pacific markets. The Sub-Fund may be more volatile than a broadly based fund as it is more susceptible to fluctuation in value resulting from adverse conditions in the Asia Pacific market.

3. Emerging market risk

- The Sub-Fund may invest in Asia Pacific 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.

4. Risks associated with PRC interbank bond market

- Investing in the PRC interbank bond market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the PRC interbank bond market via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the PRC interbank bond market, the Sub-Fund's ability to invest in the PRC interbank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

5. Risk relating to dynamic asset allocation strategy

- The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy. The dynamic asset allocation strategy may not achieve the desired results under all circumstances and market conditions.

6. Risk of investing in equity securities

- *General:* The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- *Small and mid-capitalisation companies:* The Sub-Fund may invest in small and mid-capitalisation companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

7. Risk of investing in fixed income securities

- *Interest rate risk:* Generally, the value of fixed income securities is expected to be inversely correlated with changes in interest rates. Any increase in interest rates or changes in macro-economic policies in the Asia Pacific markets may adversely impact the value of the Sub-Fund's fixed income portfolio.

- *Volatility and liquidity risk:* The fixed income securities in certain Asia Pacific 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.
- *Credit risk:* Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Sub-Fund, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.
- *Downgrading risk:* The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated outside of Hong Kong and therefore not subject to the laws of Hong Kong.
- *Risk of investing in Below Investment Grade and unrated bonds:* The Sub-Fund may be invested in fixed income securities which (or the issuers of which) are rated Below Investment Grade, or may not be rated by any rating agency of an international standard. Such securities are generally subject to a higher degree of volatility and credit risk, a lower degree of liquidity and greater risk of loss of principal and interest than high-rated debt securities, which may result in greater fluctuations in value and, consequently, the Net Asset Value of the Sub-Fund.
- *Valuation risk:* Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuations are incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.
- *Credit ratings 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.

8. Risk of investing in convertible bonds

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

9. Risk associated with investments in contingent convertible bonds

- *Trigger level risk / conversion risk:* Contingent convertible bonds may have non-viability and/or loss absorption convertible features and 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. 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 and the principal amount invested may be lost. In case of conversion, the Manager might be forced to sell these new equity shares and such forced sale may result in the Sub-Fund experiencing losses.
- *Coupon cancellation risk:* Coupon 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 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.

10. RMB currency risk

- The Sub-Fund may have exposure to investments which are denominated in RMB. The RMB is not freely convertible and subject to exchange controls and restrictions. 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 as well as associated fees and charges. There is no guarantee that RMB will not depreciate. Any depreciation of the RMB could adversely affect the value of the investor's investment in the Sub-Fund.
- Assets of the Sub-Fund denominated in RMB are valued with reference to the CNH rate. 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 redemption and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

11. Foreign exchange risk

- An investment in the Sub-Fund may involve exchange rate risk. The investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund (which is USD). Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund as well. Fluctuations in the exchange rates between such currency and the base currency as well as associated fees and charges may have an adverse impact on the performance of the Sub-Fund.

12. Derivative risk

- The Sub-Fund may from time to time invest in financial derivative instruments ("FDIs") for hedging and investment purposes. The use of such derivatives exposes a sub-fund to additional risks, including volatility risk, valuation risk, leverage risk, liquidity risk, correlation risk, counterparty/credit risk, legal risk, over-the-counter transaction risk and settlement risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

13. 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.

14. Risks relating to reverse repurchase transactions

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

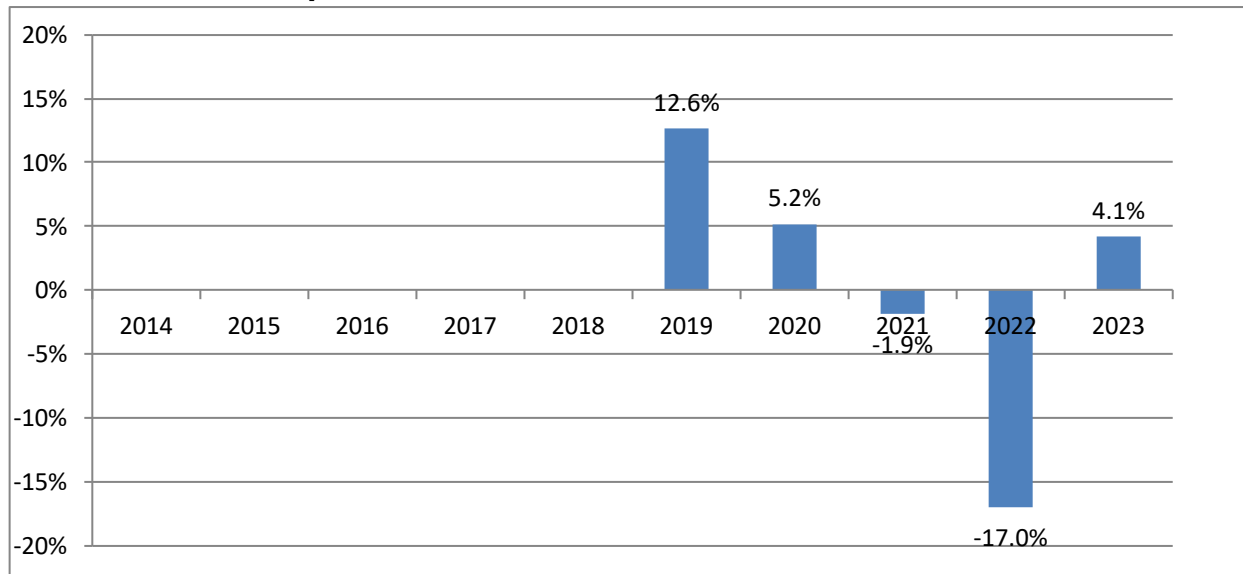
15. Hedged class risk

- There is no guarantee that the desired hedging instruments will be available or that the hedging techniques will be effective. Hedging can limit potential gains of a hedged class.

16. Dividends risk / distributions payable out of capital or effectively out of capital risk

- Payment of dividends out of capital or effectively out of capital may require the Manager to sell the assets of the Sub-Fund and 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 capital or effectively out of capital of the Sub-Fund may result in an immediate reduction of the Net Asset Value per Unit of the relevant class.
- The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged unit class and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

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.
- The figures show by how much Class A Units: USD Unhedged Acc increased or decreased in value during the calendar year being shown. Performance data has been calculated in US\$ 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: 9 April 2018
- Class A Units: USD Unhedged Acc launch date: 9 April 2018
- Class A Units: USD Unhedged Acc have the longest history and are broadly indicative of the Sub-Fund's performance characteristics.

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	What you pay
	Class A Units	Class V Units
Subscription fee	Up to 5% of the subscription monies	Up to 5% of the subscription monies
Redemption fee*	Nil	Nil
Switching fee*^	Nil	Nil

[^] Certain distributors may impose a charge for each switching of Units in a class of the Sub-Fund acquired through them for Units in another class of the Sub-Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their Units in one class to Units in another class should check with their respective distributors for the charge on switching.

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 class of Units' Net Asset Value)
Management fee*	Class A Units: 1.25% Class V Units: 0.50%
Performance fee	N/A
Trustee fee*	0.135% per annum for the first USD150 million in Net Asset Value of the Sub-Fund, 0.13% per annum for the portion over the first USD150 million up to and including USD800 million in the Net Asset Value of the Sub-Fund, 0.125% per annum for the balance in excess of USD800 million in the Net Asset Value of the Sub-Fund. The Trustee fees are subject to a monthly minimum of USD4,500.
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 next-determined Net Asset Value after the administrator receives your request in good order at or before 5:00 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 Net Asset Value and the latest subscription and redemption prices of units are available each business day on the Manager's website www.valuepartners-group.com (this website has not been reviewed by the SFC).
- The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months will be available from the Manager on request and on the Manager's website.
- Investors may obtain information on the distributor(s) appointed in respect of the Sub-Fund by making a telephone enquiry with the Manager on (852) 2143 0688.

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.