

# BOCHK Investment Funds



## Explanatory Memorandum Product Key Facts Statements

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基金投資服務  
Investment Fund Services

Fund Manager:

   
中銀國際 PRUDENTIAL  
BOC INTERNATIONAL 英國保誠  
**中銀保誠資產管理**  
BOCI-Prudential Asset Management

06/2011

## TABLE OF CONTENTS

### **PRODUCT KEY FACTS STATEMENTS**

BOCHK Aggressive Growth Fund  
BOCHK Balanced Growth Fund  
BOCHK Conservative Growth Fund  
BOCHK China Income Fund  
BOCHK Hong Kong Income Fund  
BOCHK Hong Kong Dollar Income Fund  
BOCHK Australia Income Fund  
BOCHK Sterling Income Fund  
BOCHK Asia Pacific Equity Income Fund  
BOCHK Asia Pacific Equity Fund  
BOCHK Asia Pacific Property Fund  
BOCHK China Equity Fund  
BOCHK China Golden Dragon Fund  
BOCHK China Consumption Growth Fund  
BOCHK Hong Kong Equity Fund  
BOCHK Japan Equity Fund  
BOCHK Global Equity Fund  
BOCHK Global Bond Fund  
BOCHK HK Dollar Money Market Fund  
BOCHK US Dollar Money Market Fund

### **EXPLANATORY MEMORANDUM**

**PRODUCT KEY FACTS**  
**BOCHK Aggressive Growth Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

**What is this product?**

BOCHK Aggressive Growth Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds (the “Fund”), which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

**Objectives**

The Sub-Fund is a fund of funds which invests in other sub-funds of the Fund (the “underlying funds”). The Sub-Fund seeks to maximize long-term capital appreciation by investing in a combination of underlying funds which may from time to time be made available for investment under the Fund.

**Strategy**

Under normal circumstances, the Sub-Fund is expected to invest, through its underlying funds, a substantial portion of assets in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets; and the balance in global bonds with exposure to the currencies of the United States, Europe and other countries. The Sub-Fund may also invest, through its underlying funds, in other types of investments, including, but not limited to, money market instruments.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**4. Credit risk and counterparty risk**

The issuer, guarantor of a security or counterparty to a financial instrument in which the underlying funds invest may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**5. Derivative instruments risk**

The underlying funds may use derivatives as one of their investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price <sup>#</sup>
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1 % (current and maximum) <sup>#</sup>
<b>Trustee fee</b>	0.05% <sup>##</sup> , subject to a minimum monthly fee of US\$1,250 per month up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

<sup>#</sup> Since the Sub-Fund will invest its assets in the underlying funds, only initial charges at the Sub-Fund's level will be levied and all initial charges payable at the underlying funds' level will be waived. Further, the management fees payable at the underlying funds' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund.

<sup>##</sup> Trustee Fee will be payable for the Trustee's services at both the Sub-Fund's level and the underlying funds level.

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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

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PRODUCT KEY FACTS  
**BOCHK Balanced Growth Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

### What is this product?

BOCHK Balanced Growth Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds (the “Fund”), which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

#### Objectives

The Sub-Fund is a fund of funds which invests in other sub-funds of the Fund (the “underlying funds”). The Sub-Fund seeks to achieve balanced long-term capital growth by investing in a combination of underlying funds which may from time to time be made available for investment under the Fund.

#### Strategy

Under normal circumstances, the Sub-Fund is expected to substantially invest, through its underlying funds, in a balanced mix of global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets and global bonds with exposure to the currencies of the United States, Europe and other countries. The Sub-Fund may also invest, through its underlying funds, in other types of investments, including, but not limited to, money market instruments.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**4. Credit risk and counterparty risk**

The issuer, guarantor of a security or counterparty to a financial instrument in which the underlying funds invest may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**5. Derivative instruments risk**

The underlying funds may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price <sup>#</sup>
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1 % (current and maximum) <sup>#</sup>
<b>Trustee fee</b>	0.05% <sup>##</sup> , subject to a minimum monthly fee of US\$1,250 per month and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

<sup>#</sup> Since the Sub-Fund will invest its assets in the underlying funds, only initial charges at the Sub-Fund's level will be levied and all initial charges payable at the underlying funds' level will be waived. Further, the management fees payable at the underlying funds' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund.

<sup>##</sup>Trustee Fee will be payable for the Trustee's services at both the Sub-Fund's level and the underlying funds level.

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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

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PRODUCT KEY FACTS  
**BOCHK Conservative Growth Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

**What is this product?**

BOCHK Conservative Growth Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds (the “Fund”), which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

**Objectives**

The Sub-Fund is a fund of funds which invests in other sub-funds of the Fund (the “underlying funds”). The Sub-Fund seeks to provide the opportunity for conservative long-term capital growth by investing in a combination of underlying funds which may from time to time be made available for investment under the Fund.

**Strategy**

Under normal circumstances, the Sub-Fund is expected to invest, through its underlying funds, a substantial portion of its assets in global bonds with exposure to the currencies of the United States, Europe and other countries; and the balance in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets. The Sub-Fund may also invest, through its underlying funds, in other types of investments, including, but not limited to, money market instruments.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**4. Credit risk and counterparty risk**

The issuer, guarantor of a security or counterparty to a financial instrument in which the underlying funds invest may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**5. Derivative instruments risk**

The underlying funds may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price <sup>#</sup>
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1 % (current and maximum) <sup>#</sup>
<b>Trustee fee</b>	0.05% <sup>##</sup> , subject to a minimum monthly fee of US\$1,250 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

<sup>#</sup> Since the Sub-Fund will invest its assets in the underlying funds, only initial charges at the Sub-Fund's level will be levied and all initial charges payable at the underlying funds' level will be waived. Further, the management fees payable at the underlying funds' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund.

<sup>##</sup>Trustee Fee will be payable for the Trustee's services at both the Sub-Fund's level and the underlying funds level.

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
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#### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	Distribution on a semi-annual basis (at 30 September and 31 March of each year) at the Manager’s discretion, having regard to the net income and provided that there is distributable income for that period. Amount of distributions (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distribution.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

#### What is this product?

BOCHK China Income Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

#### Objectives and Investment Strategy

The Sub-Fund seeks to provide investors with stable income and medium-to-long term capital appreciation by investing primarily in high yield equities and investment grade bonds (rated Baa3 or better by Moody’s or other credit rating agency of similar standing) that are listed or quoted in the People’s Republic of China (“PRC”) and Hong Kong.

Money market instruments will be used for temporary liquidity management purposes.

The Manager will also apply active asset allocation strategy between equities and bonds in order to achieve medium-to-long term capital appreciation and generate semi-annual dividends for investors. Depending on the market conditions, the Manager may vary the asset allocation of the Sub-Fund.

The Sub-Fund will not invest in non-investment grade bonds.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Concentration risk**

The Sub-Fund mainly focuses its investments in Mainland China and Hong Kong which increases the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of Mainland China and Hong Kong. This may also result in greater volatility than portfolios which comprise broad-based global investments.

**3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**4. Interest rate risk**

As the Sub-Fund may invest in instrument whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

**5. Credit and counterparty risk**

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

## Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found online at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**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.

## PRODUCT KEY FACTS

# BOCHK Hong Kong Income Fund

a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	Distribution on a semi-annual basis (end of March and September each year) at the Manager’s discretion, having regard to the net income and provided that there is distribution income for that period. Amount of distribution (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distribution.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

### What is this product?

BOCHK Hong Kong Income Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

The Sub-Fund seeks to provide investors with stable income and medium-to-long term capital appreciation by investing primarily in high yield equities and investment grade bonds (rated Baa3 or better by Moody’s or other credit rating agency of similar standing) that are listed or quoted in Hong Kong. Money market instruments will be used for temporary liquidity management purposes.

The Manager will also apply active asset allocation strategy between equities and bonds in order to achieve medium-to-long term capital appreciation and generate semi-annual declarations for investors. Depending on the market conditions, the Manager may vary the asset allocation of the Sub-Fund. The Sub-Fund will not invest in non-investment grade bonds.

## What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

### 1. Investment risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

### 2. Interest rate risk

As the Sub-Fund may invest in instrument whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

### 3. Market risk

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments.

### 4. Credit and counterparty risk

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

### 5. Tax risk

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

## Is there any guarantee?

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<i>Annual rate (as a % of the Sub-Fund's Net Asset Value)</i>
<b>Management fee</b>	1% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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PRODUCT KEY FACTS  
**BOCHK Hong Kong Dollar Income Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

#### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	Distribution on a semi-annual basis (end of March and September each year) at the Manager’s discretion, having regard to the net income and provided that there is distribution income for that period. Amount of distribution (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distribution.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

#### What is this product?

BOCHK Hong Kong Dollar Income Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

#### Objectives and Investment Strategy

The Sub-Fund is an income fund which seeks to provide a stable income stream and long-term capital appreciation through a portfolio which mainly consists of Hong Kong dollar denominated investment grade bonds (rated Baa3 or better by Moody’s or other credit rating agency of similar standing).

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The Sub-Fund will not be engaged in any securities lending activities.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Interest rate risk**

As the Sub-Fund may invest in instrument whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

**3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments.

**4. Credit and counterparty risk**

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

**5. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 3% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	0.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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**PRODUCT KEY FACTS**  
**BOCHK Australia Income Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Australian Dollars
<b>Distribution policy:</b>	<p>Distributions on a quarterly basis (at 31 March, 30 June, 30 September and 31 December of each year) at Manager’s discretion, having regard to the net income and provided that there is distributable income for that period.</p> <p>The amount of distributions (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distributions.</p>
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	<p>Initial : the AUD equivalent amount of HK\$10,000</p> <p>Addition: the AUD equivalent amount of HK\$10,000</p>

**What is this product?**

BOCHK Australia Income Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund seeks to provide investors with stable income and medium-to-long term capital appreciation through investing primarily in equities listed and quoted in Australia, interests in real estate investment trusts listed in Australia and interest rate products (primarily in bonds) denominated in Australian dollars.

The Manager will apply active asset allocation strategy between equities, listed real estate investment trusts and interest rate products in order to achieve medium-to-long term capital appreciation and will seek to generate quarterly distributions for investors. Money market instruments will be used for temporary liquidity management purposes.

Depending on market conditions, the Manager may at its sole discretion vary the asset allocation of the Sub-Fund. The Sub-Fund may employ a minor portion of its assets in futures contracts, options, forward currency transactions or interest rate swaps for hedging purposes.

## What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

1. **Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

2. **Market risk**

Market risk includes the economic and investment environment in Australia which may have a significant impact on the value of the investments. Although the economy of Australia has been growing steadily, there is no assurance of a continuous economic growth.

3. **Single country and concentration risk**

The Sub-Fund's investments are concentrated in Australia, thereby increasing its vulnerability to the economic, political, regulatory or tax developments of that country. This may result in greater volatility than portfolios with broad-based global investments.

4. **Exchange rate risk**

The underlying investments of Sub-Fund are mainly denominated in Australian dollars and distributions from the Sub-Fund are payable to investors in Australian dollars. Investors who invest with a currency other than Australian dollars may be subject to the exchange rate risk of Australian dollars.

5. **Real estate risk**

As part of the Sub-Fund's assets may be invested in real estate investment trusts listed in Australia, fluctuation in the prices of such real estates in Australia or other jurisdictions, in which such real estate investment trusts invest, may affect the performance of the Sub-Fund.

6. **Interest rate risk**

As the Sub-Fund may invest in securities whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

7. **Credit and counterparty risk**

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

8. **Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

9. **Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1% (current and maximum)
<b>Trustee fee</b>	0.125% on the first AUD35 million; 0.10% on the next AUD35 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of AUD15,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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

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**PRODUCT KEY FACTS**  
**BOCHK Sterling Income Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the "Manager")
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Pound Sterling
<b>Distribution policy:</b>	<p>Distribution on a semi-annual basis (at 30 September and 31 March of each year), at Manager's discretion, having regard to the net income and provided that there is distributable income for that period.</p> <p>The amount of distributions (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distributions.</p>
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	<p>Initial : the GBP equivalent amount of HK\$10,000</p> <p>Addition: the GBP equivalent amount of HK\$10,000</p>

**What is this product?**

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

**Objectives and Investment Strategy**

The Sub-Fund seeks to generate stable income and capture medium to long-term capital appreciation opportunities through investing primarily in equities listed and quoted in the United Kingdom and fixed income securities which are mainly denominated in sterling. Fixed income securities purchased will predominantly be bond investments. Investment may include floating rate notes, callable bonds, convertible bonds, gilt-edged securities (i.e. British and Irish government securities) and other debt or fixed income instruments.

Money market instruments may be used for temporary liquidity management purposes. The Manager may also invest in interests in real estate investment trusts listed in the United Kingdom.

The Manager will apply active asset allocation strategy between equities, interest rate products, and other investments in order to seek to generate semi-annual distributions for investors. The Sub-Fund may employ a minor portion of its assets in futures contracts, options, forward currency transactions or interest rate swaps for the purposes of efficient portfolio management and hedging purposes.

### **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes the economic and investment environment in the United Kingdom which may have a significant impact on the value of the investments.

**3. Single country and concentration risk**

The Sub-Fund's investments are concentrated in the United Kingdom, thereby increasing its vulnerability to the economic, political, regulatory or tax developments of that country. This may result in greater volatility than portfolios with broad-based global investments.

**4. Exchange rate risk**

The underlying investments of Sub-Fund are mainly denominated in pound sterling and distributions from the Sub-Fund are payable to investors in pound sterling. Investors who invest with a currency other than pound sterling may be subject to the exchange rate risk of pound sterling.

**5. Real estate risk**

As part of the Sub-Fund's assets may be invested in real estate investment trusts listed in the United Kingdom, fluctuation in the prices of such real estates in the United Kingdom or other jurisdictions, in which such real estate investment trusts invest, may affect the performance of the Sub-Fund.

**6. Interest rate risk**

As the Sub-Fund may invest in securities whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

**7. Credit and counterparty risk**

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

**8. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**9. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1% (current and maximum)
<b>Trustee fee</b>	0.125% on the first GBP14 million; 0.10% on the next GBP14 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of GBP1,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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## PRODUCT KEY FACTS

# BOCHK Asia Pacific Equity Income Fund

a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	Distribution on a semi-annual basis (at 30 September and 31 March of each year) at Manager’s discretion, having regard to the net income and provided that there is distributable income for that period.  The amount of distributions (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distributions.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition: the USD equivalent amount of HK\$10,000

### What is this product?

BOCHK Asia Pacific Equity Income Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

The Sub-Fund is an equity fund which seeks to generate stable income and capture medium-to-long term capital appreciation opportunities and seeks to generate semi-annual distributions for investors through active asset allocation strategies.

The Sub-Fund will invest in a diversified portfolio of securities (including warrants and convertible securities) traded on the various stock markets in Asia Pacific including, but not limited to, those in Australia and New Zealand, PRC, Hong Kong, South Korea, Singapore, Malaysia and Taiwan. The Manager has no current intention to invest in Japan but may do so in the future if suitable investment opportunities arise.

Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. Cash or debt securities may be considered when appropriate.

The Sub-Fund may employ a portion of its assets in future contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

### **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Interest rate risk**

As the Sub-Fund may invest in securities whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

**4. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**5. Credit risk and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1.2% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **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.

PRODUCT KEY FACTS  
**BOCHK Asia Pacific Equity Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

**What is this product?**

BOCHK Asia Pacific Equity Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund is an equity fund which seeks to achieve long-term capital growth by investing in equities (including warrants and convertible securities) on the various stock markets in Asia Pacific including, but not limited to, those in Australia and New Zealand, PRC, Hong Kong, South Korea, Singapore, Malaysia and Taiwan. Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. It is intended that the Sub-Fund will not invest in equities in Japan. Cash and debt securities may be considered when appropriate.

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Securities risk**

Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

**4. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**5. Credit risk and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund : Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).

- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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

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**PRODUCT KEY FACTS**  
**BOCHK Asia Pacific Property Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

### What is this product?

BOCHK Asia Pacific Property Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

The Sub-Fund seeks to capture medium to long-term capital appreciation opportunities through active management. The Sub-Fund will primarily invest in a diversified portfolio of property-related investment instruments in the Asia Pacific region, including but not limited to those of Australia and New Zealand, PRC, Hong Kong, India, Japan, South Korea, Singapore, Malaysia, Taiwan, Thailand, Philippines and Indonesia.

The property-related investment instruments which include but not limited to equity securities of companies listed on stock exchanges that are primarily engaged in or related to the ownership, management, development, construction and/or engineering of real estate situated in the Asia Pacific region, real estate investment trusts (“REITs”) listed in the Asia Pacific region, debt papers, property funds or pre-IPO property stocks. Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. The Sub-Fund will not invest in real estate property directly. Money market assets, cash or debt securities may be considered when appropriate.

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

## **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

### **1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

### **2. Real estate securities risk**

Although the Sub-Fund does not invest directly in real estate, it is subject to the general risks relating to investment in real estate. Such risks include possible decline in property prices, interest rate changes where a higher interest rate will increase the funding costs, reduced demand for properties and property vacancies, changes in market rental rates, overbuilding, increasing competition, changes in government policies, changes in zoning and environmental laws and regulations, possible increase in operating, maintenance or insurance expenses or property taxes, etc..

Companies with major focus in real estate, property development and construction business may have limitation in their ability to react promptly to changes in market conditions. Any decline in the value of real estate security investment or income will adversely affect the value and distribution of the Sub-Fund.

### **3. Real estate investment trusts “REITs” risks**

The Sub-Fund is also subject to risks inherent in REITs which invest primarily in real estate. This may involve different and possible higher level of risk as compared with a diversified fund. REITs may be more volatile than other securities as they may trade less frequently and in smaller volume and they may have limited financial resources.

The performance of REITs will depend on various factors, such as management skills, change in value of the underlying properties, illiquidity of the investments which may affect the ability of REITs to change the investment or to liquidate part of the assets in response to changes in economic, market or other conditions, interest rate risks, changes in general and local economic conditions, taxation policies, non-renewal of expiring leases, unexpected expenditure or failure of lessees to meet their obligations. Further, REITs are subject to heavy cash flow dependency.

Investors should note that an investment in the Sub-Fund is not equivalent to an investment in a REIT and that the distribution of the Sub-Fund (if any) will not be the same as the distribution of the underlying REITs.

The Sub-Fund may also invest in REITs that are not authorized by the SFC.

**4. Sector concentration risk**

Investments made by the Sub-Fund mainly concentrate on a specific sector. The Sub-Fund may therefore be subject to greater risks and market volatility than a fully diversified investment portfolio covering different economic sectors.

**5. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**6. Credit risk and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**7. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**8. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<i>Annual rate (as a % of the Sub-Fund's Net Asset Value)</i>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**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.

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

#### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the "Manager")
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial: HK\$10,000 Addition: HK\$10,000

#### What is this product?

BOCHK China Equity Fund is a sub-fund (the "Sub-Fund") under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

#### Objectives and Investment Strategy

The Sub-Fund is an equity fund which aims to provide investors with long-term capital growth through investment mainly in the listed equities and equity related securities (including warrants and convertible securities) of companies whose activities are closely related to the economic development and growth of the economy of the People's Republic of China ("PRC").

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

Cash and debt securities may be considered when appropriate.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Single country and concentration risk**

The Sub-Fund mainly focuses its investments on investment instruments that are related to the economic growth or development of the PRC which increases the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of the PRC. This may also result in greater volatility than portfolios which comprise broad-based global investments.

**3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**4. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**5. Credit and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.

- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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# PRODUCT KEY FACTS

## BOCHK China Golden Dragon Fund

a sub-fund of  
the BOCHK Investment funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial: HK\$10,000 Addition: HK\$10,000

### What is this product?

BOCHK China Golden Dragon Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

#### Objectives

The Sub-Fund is to provide investors with capital growth by investing in securities issued by or linked to companies which are related to the economy of the People’s Republic of China (“PRC”).

#### Strategy

The Sub-Fund may invest in A shares (through investments in equity linked instruments (“ELIs”) issued by institutions with qualified foreign institutional investors (“QFII”) status in Mainland China) and B shares listed on the stock exchanges in Mainland China and H shares and shares of red-chip companies listed on the Hong Kong Stock Exchange.

The Sub-Fund may also invest in other PRC related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economy of the PRC. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

The Manager intends that investment made by the Sub-Fund indirectly in the A share market (through ELIs) will not exceed 40%.

The Manager may also hold cash, deposits, certificates of deposit, treasury bills, or other instruments for the account of the Sub-Fund. The Manager expects that at least 70% of the non-cash assets of the Sub-Fund will be invested in the PRC-related securities.

## **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

### **1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

### **2. Single country and concentration risk**

The Sub-Fund mainly focuses its investments on business related to the economy of the PRC which increases the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of the PRC. This may also result in greater volatility than portfolios which comprise broad-based global investments.

### **3. Emerging market risk**

Investing in emerging markets involves special risks and considerations due to, among other factors, greater political, tax, economic, government control and intervention, foreign exchange, liquidity, legal and regulatory risks. These factors may have an adverse impact on the performance of the Sub-Fund.

### **4. Exchange rate risk**

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation. Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

### **5. Risk of investing in ELIs**

- *Credit risk*: The Sub-Fund is exposed to the credit risk of the issuers of the ELIs. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses potentially equal to the full value of the instrument issued by the relevant issuer. Any such loss would result in the reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective.
- *Illiquidity risk*: There may not be an active market for those ELIs which are not listed or quoted on a market. Even if the ELIs are quoted, there is no assurance that there will be an active market for them. Therefore investment in ELIs can be highly illiquid.

**6. QFII risk**

The Sub-Fund's exposure to the PRC market depends on the ability of the QFII to buy and sell A Shares. The availability of QFII investment quota and any restrictions or any changes in the QFII laws and regulations may adversely affect the issuance of ELIs and impair the ability of the Sub-Fund to achieve its investment objective.

**7. Mainland China tax risk**

- The Sub-Fund is the ultimate party which will bear the potential capital gain tax liability in respect of ELIs held by the Sub-Fund, which if levied, shall be deducted from the value of ELIs and this will have an impact on the Net Asset Value of the Sub-Fund. In case there is any unwinding of the ELIs issued, a 10% capital gains tax provision will be made from the amount payable pursuant to the ELIs.
- *Withholding Tax* - Dividends and interest income derived from investment in B shares, H shares or certain red chips shares by the Sub-Fund are subject to the withholding tax imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

**8. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<i>Annual rate (as a % of the Sub-Fund's Net Asset Value)</i>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million ; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value (NAV), after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manger's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**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.

PRODUCT KEY FACTS  
**BOCHK China Consumption Growth Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial: HK\$10,000 Addition: HK\$10,000

**What is this product?**

BOCHK China Consumption Growth Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

**Objectives**

The Sub-Fund seeks to provide investors with long-term capital growth by investing primarily in listed equities or equity-related securities (including warrants and convertible securities) issued by or linked to companies which activities relate to the consumer industry in Hong Kong and/or Mainland China.

**Strategy**

The Sub-Fund may invest in A shares (through investments in equity linked instruments (“ELIs”) issued by institutions with qualified foreign institutional investors (“QFII”) status in Mainland China), B shares listed on the stock exchanges in Mainland China, H shares and shares of red-chip companies listed on the Stock Exchange of Hong Kong Limited.

The Sub-Fund may also invest in other PRC related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the PRC's consumption sector. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

The Manager intends that investment made by the Sub-Fund indirectly in the A share market (through ELIs) will not exceed 40%.

The Manager may also invest in convertible bonds, pre-IPO stocks of companies which are related to the consumer sector industry of the PRC and may hold cash, deposits, certificates of deposit, treasury bills, debt securities or other instruments for the account of the Sub-Fund.

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

### **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Concentration risk**

The Sub-Fund mainly focuses its investments on business related to the economy of Hong Kong and/or Mainland China and Hong Kong which increases the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of Hong Kong and/or Mainland China. This may also result in greater volatility than portfolios which comprise broad-based global investments.

**3. Emerging market risk**

Investing in emerging markets involves special risks and considerations due to, among other factors, greater political, tax, economic, government control and intervention, foreign exchange, liquidity, legal and regulatory risks. These factors may have an adverse impact on the performance of the Sub-Fund.

**4. Exchange rate risk**

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation. Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

**5. Risk of investing in ELIs**

- *Credit risk*: The Sub-Fund is exposed to the credit risk of the issuers of the ELIs. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses potentially equal to the full value of the instrument issued by the relevant issuer. Any such loss would result in the reduction in the Net Asset Value of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective.
- *Illiquidity risk*: There may not be an active market for those ELIs which are not listed or quoted on a market. Even if the ELIs are quoted, there is no assurance that there will be an active market for them. Therefore investment in ELIs can be highly illiquid.

**6. QFII risk**

The Sub-Fund's exposure to the PRC market depends on the ability of the QFII to buy and sell A Shares. The availability of QFII investment quota and any restrictions or any changes in the QFII laws and regulations may adversely affect the issuance of ELIs and impair the ability of the Sub-Fund to achieve its investment objective.

**7. Mainland China tax risk**

- The Sub-Fund is the ultimate party which will bear the potential capital gain tax liability in respect of ELIs held by the Sub-Fund, which if levied, shall be deducted from the value of ELIs and this will have an impact on the Net Asset Value of the Sub-Fund. At present, no tax provision has been made in respect of such potential capital gain tax liability of the Sub-Fund.
- *Withholding Tax* - Dividends and interest income derived from investment in B shares, H shares or certain red chips shares by the Sub-Fund are subject to the withholding tax imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

**8. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

**What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b><i>Fee</i></b>	<b><i>What you pay</i></b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<i>Annual rate (as a % of the Sub-Fund's Net Asset Value)</i>
<b>Management fee</b>	1.8% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time)(the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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

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**PRODUCT KEY FACTS**  
**BOCHK Hong Kong Equity Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

**What is this product?**

BOCHK Hong Kong Equity Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund is an equity fund which seeks to achieve long-term capital growth by investing in the listed equities and equity related securities (including warrants and convertible securities) of companies operating principally in Hong Kong, or linked directly or indirectly to the Hong Kong economy. The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. Cash and debt securities may be considered when appropriate.

The Sub-Fund will not be engaged in any securities lending activities.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc., which may have significant and impact on the value of investments.

**3. Concentration risk**

The Sub-Fund mainly focused its investments on business related to Hong Kong economy. This may result in greater volatility than portfolios with broad-based global investments.

**4. Securities risk**

Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

**5. Credit and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.

- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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

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15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

### What is this product?

BOCHK Japan Equity Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

### Objectives and Investment Strategy

The Sub-Fund seeks to provide investors with long-term capital growth through investing primarily in listed equities and equity related securities (including warrants, convertible securities, ADRs (American depository receipts) and GDRs (global depository receipts)) of companies whose activities are closely related to the economic development and growth of the Japan economy. Such equities and equity related securities may be listed on various stock exchanges in Japan, the United States, London or Singapore.

Cash and debt securities may be considered when appropriate. The Sub-Fund may employ a minor portion of its assets in future contracts, options or forward currency transactions for hedging against exchange rate risks.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Single country and concentration risk**

The Sub-Fund mainly focuses its investments on business related to the economic growth or development of Japan which increases the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of Japan. This may also result in greater volatility than portfolios which comprise broad-based global investments.

**4. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**5. Credit and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### Additional Information

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.

- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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**PRODUCT KEY FACTS**  
**BOCHK Global Equity Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

**What is this product?**

BOCHK Global Equity Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund is an equity fund which aims to achieve long-term capital growth by investing mainly in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan. The Sub-Fund invests in equities and equity related securities, (including warrants and convertible securities). and may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. Cash and fixed interest securities may be considered when appropriate.

The Sub-Fund will not be engaged in any securities lending activities.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

**3. Securities risk**

Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

**4. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**5. Credit risk and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the Sub-Fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

**6. Derivative instruments risk**

The Sub-Fund may also use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 5% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	1.5% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **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.

**PRODUCT KEY FACTS**  
**BOCHK Global Bond Fund**  
 a sub-fund of  
 the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

**What is this product?**

BOCHK Global Bond Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

The Sub-Fund is a bond fund which seeks to provide a stable income stream and long-term capital appreciation through a portfolio in bonds denominated in various major world currencies. Major world currencies include but are not limited to US Dollar, British Sterling, Euro and Japanese Yen.

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

**What are the key risks?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

**2. Interest rate risk**

As the Sub-Fund may invest in instrument whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

**3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments.

**4. Foreign exchange risk**

The Sub-Fund will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on the Sub-Fund's performance.

**5. Credit and counterparty risk**

If the issuers of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected. Changes in a debt issuer's credit rating may affect a debt instrument's value and may also have an impact on the Sub-Fund's performance.

**6. Derivative instruments risk**

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives.

**7. Tax risk**

Dividends and certain interests or other income paid to the Sub-Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

**Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

### Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Up to 3% of the issue price
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	0.75% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

### Other fees

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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

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PRODUCT KEY FACTS

**BOCHK HK Dollar Money Market Fund**  
a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “Manager”)
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : HK\$10,000 Addition : HK\$10,000

**What is this product?**

BOCHK HK Dollar Money Market Fund (the “Sub-Fund”) is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

**Objectives and Investment Strategy**

**Objectives**

The Sub-Fund is a money market fund which seeks to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term money market investments combined with a high degree of security and ready availability of monies.

**Strategy**

The Manager’s policy will be to invest in a range of deposits, commercial paper of leading companies and other money market instruments. Investments will be limited to Hong Kong dollar denominated securities with a remaining maturity of not more than 12 months or two years in the case of government and other public securities, with an average portfolio maturity not exceeding 90 days.

The investment policy will be directed towards the acquisition of deposits and money market instruments which will earn an income for the Sub-Fund in line with that applying to large money market transactions and to protect the unit value from fluctuations.

This Sub-Fund will not be engaged in any securities lending activities.

### **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

**1. Investment risk**

- The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.
- Investing in the Sub-Fund is not the same as deposits with a bank or deposit taking company and that the Manager has no obligation to redeem Units at its issue price and the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

**2. Interest rate risk**

Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes.

**3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments.

**4. Credit and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the underlying fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the underlying fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

### **Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

### **What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Nil
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% <sup>#</sup> For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	Nil

<sup>#</sup> If Units are switched from a Money Market Sub-Fund, those Units of that Money Market Sub-Fund in relation to which no initial charge has ever been levied will be redeemed first and an initial charge (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching. The initial charge to be levied will be equal to that applicable to the New Class of Units to be issued.

**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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	0.25% (current and maximum)
<b>Trustee fee</b>	0.125% on the first HK\$200 million; 0.10% on the next HK\$200 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of HK\$20,000 and up to a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

### **Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).
- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Important**

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

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## PRODUCT KEY FACTS

### BOCHK US Dollar Money Market Fund

a sub-fund of  
the BOCHK Investment Funds

15 June 2011

Issuer: BOCI-Prudential Asset Management Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document.***
- ***You should not invest in this product based on this statement alone.***

#### Quick facts

<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the "Manager")
<b>Trustee and Registrar:</b>	BOCI-Prudential Trustee Limited
<b>Dealing frequency:</b>	Daily (Hong Kong business days, other than Saturdays)
<b>Base currency:</b>	US Dollars
<b>Distribution policy:</b>	The Manager does not intend to make distributions for the Sub-Fund. Income earned will be reinvested in the Sub-Fund.
<b>Financial year end:</b>	31 March
<b>Minimum investment:</b>	Initial : the USD equivalent amount of HK\$10,000 Addition : the USD equivalent amount of HK\$10,000

#### What is this product?

BOCHK US Dollar Money Market Fund (the "Sub-Fund") is a sub-fund under the BOCHK Investment Funds, which is an umbrella unit trust established under the laws of Hong Kong.

#### Objectives and Investment Strategy

##### Objectives

The Sub-Fund is a money market fund which seeks to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term money market investments combined with a high degree of security and ready availability of monies.

##### Strategy

The Manager's policy will be to invest in a range of deposits with banks, commercial paper of leading companies and other money market instruments. Investments will be limited to US dollar deposits and US dollar denominated securities with a remaining maturity of not more than 12 months or two years in the case of government and other public securities, with an average portfolio maturity not exceeding 90 days.

The investment policy will be directed towards the acquisition of deposits and money market instruments which will earn an income for the Sub-Fund in line with that applying to large money market transactions and protect the unit value from fluctuations.

This Sub-Fund will not be engaged in any securities lending activities.

### **What are the key risks?**

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

#### **1. Investment risk**

- The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.
- Investing in the Sub-Fund is not the same as deposits with a bank or deposit taking company and that the Manager has no obligation to redeem Units at its issue price and the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

#### **2. Interest rate risk**

Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes.

#### **3. Market risk**

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments.

#### **4. Credit and counterparty risk**

The issuer, guarantor or counterparty to a financial instrument in which the underlying fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the underlying fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

### **Is there any guarantee?**

The Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

### **What are the fees and charges?**

At present, only Class A Units will be offered for subscription by investors. Summary of fees and charges for Class A Units of the Sub-Fund is listed below.

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Sub-Fund.

<b>Fee</b>	<b>What you pay</b>
<b>Initial charge</b>	Nil
<b>Switching fee</b> <i>(as a % of the issue price of the New Class of Units to be issued)</i>	For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund :1% <sup>#</sup> For switching into Units of a Money Market Sub-Fund :Nil
<b>Redemption charge</b>	Nil

<sup>#</sup>If Units are switched from a Money Market Sub-Fund, those Units of that Money Market Sub-Fund in relation to which no initial charge has ever been levied will be redeemed first and an initial charge (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching. The initial charge to be levied will be equal to that applicable to the New Class of Units to be issued.

**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.

	<b>Annual rate (as a % of the Sub-Fund's Net Asset Value)</b>
<b>Management fee</b>	0.25% (current and maximum)
<b>Trustee fee</b>	0.125% on the first US\$25 million; 0.10% on the next US\$25 million; 0.0875% on the remaining balance; Subject to a minimum monthly fee of US\$2,500 and a maximum of 1%*.
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving Unitholders at least three months' prior notice.

**Other fees**

Please note that other fees and expenses may also be deducted from the Sub-Fund. For details, please refer to the section "Charges and Expenses" on pages 25 to 30 of the Explanatory Memorandum.

**Additional Information**

- You generally buy and/or redeem Units of the Sub-Fund at the Sub-Fund's next determined Net Asset Value after the Manager receives your request in good order on or before 5:00 p.m. (Hong Kong time) (the Dealing Deadline) on the relevant Dealing Day (which is generally Hong Kong Business Day (except Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time).

- Applications could also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and different dealing procedures, such as earlier application or payment cut-off time may be involved. Applicants should consult the relevant fund distributors or the Manager to find out the dealing procedures that are applicable to them.
- The Net Asset Value per unit of the Sub-Fund is calculated and will be published on each Dealing Day in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.
- Information of the Sub-Fund can be found at the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

**Important**

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# BOCHK INVESTMENT FUNDS

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## EXPLANATORY MEMORANDUM

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15 June 2011



## IMPORTANT INFORMATION FOR INVESTORS

**BOCI-Prudential Asset Management Limited** (the “**Manager**”) accepts full responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication of this Explanatory Memorandum, there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum or the latest available Product Key Facts Statements of the sub-funds (“the **Sub-Funds**”) under the **BOCHK Investment Funds** (the “**Fund**”) nor the offer or issue of units in the Fund shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to such date. This Explanatory Memorandum and the Product Key Facts Statements of the Sub-Funds may from time to time be updated. Intending applicants for units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum or later Product Key Facts Statements for the Sub-Funds have been issued.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available Product Key Facts Statements of the Sub-Funds, the latest available annual report and accounts of the Fund and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum, the latest available Product Key Facts Statements of the Sub-Funds, and (where applicable) the above mentioned annual reports and accounts and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum or the latest available Product Key Facts Statements of the Sub-Funds should be regarded as unauthorised and accordingly must not be relied upon.

The Fund and the Sub-Funds have been authorised by the Securities and Futures Commission (“**SFC**”) in Hong Kong. SFC authorisation is not a recommendation or endorsement of the Fund or the Sub-Funds, nor does it guarantee the commercial merits of the Fund or the Sub-Funds or their performance. It does not mean the Fund or the Sub-Funds are suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of units or the distribution of this Explanatory Memorandum (or any Product Key Facts Statement of the Sub-Funds) in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum and the Product Key Facts Statements of the Sub-Funds may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:

- (a) Units in the Fund have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act).
- (b) The Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.
- (c) Units in the Fund may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An “ERISA Plan” is any retirement plan subject to Title 1 of the United States Employee Retirement Income Securities Act of 1974, as amended; or any individual retirement account plan subject to section 4975 of the United States Internal Revenue Code of 1986, as amended.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units are acquired or held by an Unqualified Person (as defined in the “Definitions” section on page 5).

Potential applicants for units in the Fund should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of units in the Fund.

*Investors should note that although the product offered under this Explanatory Memorandum is named “BOCHK Investment Funds”, such product is not managed or administered by Bank of China (Hong Kong) Limited.*

**IMPORTANT: If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.**



## TABLE OF CONTENTS

<u>Heading</u>	<u>Page</u>
<b>PARTIES</b>	4
<b>DEFINITIONS</b>	5
<b>INVESTMENT OBJECTIVES AND POLICIES</b>	7
BOCHK Aggressive Growth Fund	7
BOCHK Balanced Growth Fund	7
BOCHK Conservative Growth Fund	7
BOCHK China Income Fund	7
BOCHK Hong Kong Income Fund	7
BOCHK Hong Kong Dollar Income Fund	7
BOCHK Australia Income Fund	8
BOCHK Sterling Income Fund	8
BOCHK Asia Pacific Equity Income Fund	8
BOCHK Asia Pacific Equity Fund	8
BOCHK Asia Pacific Property Fund	8
BOCHK China Equity Fund	9
BOCHK China Golden Dragon Fund	9
BOCHK China Consumption Growth Fund	9
BOCHK Hong Kong Equity Fund	10
BOCHK Japan Equity Fund	10
BOCHK Global Equity Fund	10
BOCHK Global Bond Fund	10
BOCHK HK Dollar Money Market Fund	10
BOCHK US Dollar Money Market Fund	11
<b>RISK FACTORS AND RISK MANAGEMENT POLICIES</b>	11
Risk Factors	11
Risk Management Policies with respect to BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund	14
<b>INVESTMENT AND BORROWING RESTRICTIONS</b>	14
Investment Restrictions	14
Borrowing Restrictions	16
Applicability of Restrictions to Umbrella Funds	16
General	16
<b>MANAGEMENT AND ADMINISTRATION</b>	16
Manager	16
Trustee and Registrar	16
Sponsor	17
<b>ISSUE OF UNITS</b>	17
Initial Issue of Units	18
Subsequent Issues of Units	18
Minimum Subscription and Subsequent Holding	18
Application Procedure	18
Payment Procedure	18
General	20
<b>REDEMPTION OF UNITS</b>	21
Payment of Redemption Proceeds	21
Payment of Redemption Proceeds by Distribution in Specie	22
Restrictions on Redemption	22
<b>SWITCHING BETWEEN SUB-FUNDS</b>	22
<b>CALCULATION OF NET ASSET VALUE AND ISSUE AND REDEMPTION PRICES</b>	23
Calculation of Issue and Redemption Prices	24
Suspension of Calculation of Net Asset Value	24
<b>DISTRIBUTION POLICY</b>	24
<b>REGULAR SAVINGS PLAN</b>	25



<b>CHARGES AND EXPENSES</b>	25
Management Fee and Servicing Fee	25
Initial Charge, Redemption Charge and Switching Fee	26
Restrictions on Certain Fees and Charges to be Imposed on BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund and BOCHK Conservative Growth Fund	27
Inception Fee	27
Trustee Fee	28
Other Charges and Expenses	29
Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions	29
<b>TAXATION</b>	30
Hong Kong	30
General	30
<b>GENERAL INFORMATION</b>	30
Accounts and Reports	30
Publication of Net Asset Value per Unit	30
Investment Restrictions	30
Removal and Retirement of the Trustee, the Manager and the Sponsor	31
Termination of the Fund	31
Termination of a Sub-Fund	32
Trust Deed	32
Modification of Trust Deed	32
Meetings of Unitholders	32
Transfer of Units	32
Documents Available for Inspection	32
Enquiries and Complaints	33
Anti-Money Laundering Regulations	33



## PARTIES

### **Sponsor**

Bank of China (Hong Kong) Limited  
14/F., Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

### **Manager**

BOCI-Prudential Asset Management Limited  
27/F., Bank of China Tower  
1 Garden Road  
Central  
Hong Kong

### **Trustee and Registrar**

BOCI-Prudential Trustee Limited  
12/F & 25/F., Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

### **Auditor**

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

### **Directors of the Manager**

Wang Zhongze  
Mak Tat Cheung  
Tse Yung Hoi  
Paul Brian Hancock  
Graham David Mason



## DEFINITIONS

<b>“associate”</b>	in relation to a company means, any of its subsidiaries or holding companies and any subsidiary or holding company of any of the foregoing and for this purpose, the term “subsidiary” and “holding company” shall have the meaning as given to them in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
<b>“AUD” and “ Australian dollars”</b>	the lawful currency of Australia
<b>“Business Day”</b>	a day (other than Saturday and Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, either generally or in relation to a particular Sub-Fund provided that if on any such day, the period during which banks in Hong Kong are open is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree
<b>“connected person”</b>	in relation to a company means <ul style="list-style-type: none"><li>(a) any person beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise 20% or more of the total voting rights of that company;</li><li>(b) any company controlled by a person as described in (a);</li><li>(c) any company 20% or more of its ordinary share capital is beneficially owned, directly or indirectly, by that company and any company 20% or more of the total voting rights can be exercised, directly or indirectly, by that company; or</li><li>(d) any director or officers of that company or any of its connected person as defined in (a), (b) or (c) above</li></ul>
<b>“Dealing Day”</b>	each Business Day or such Business Day or Business Days as the Manager may from time to time, with the approval of the Trustee, determine either generally or for a particular class or classes of Units, provided that if any commodities and securities markets on which all or part of the investments of any Sub-Fund are quoted, listed or dealt in are on any day not open for trading, the Manager may determine that such day shall not be a Dealing Day in relation to such Sub-Fund
<b>“Fund”</b>	BOCHK Investment Funds
<b>“GBP” and “pound sterling”</b>	the lawful currency of the United Kingdom
<b>“HK\$” and “HK dollars”</b>	the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Manager”</b>	BOCI-Prudential Asset Management Limited
<b>“Money Market Sub-Funds”</b>	the BOCHK US Dollar Money Market Fund and BOCHK HK Dollar Money Market Fund
<b>“PRC”</b>	the People’s Republic of China
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“Sponsor”</b>	Bank of China (Hong Kong) Limited
<b>“Sub-Fund”</b>	a separate pool of assets of the Fund, which is invested and administered separately from other assets of the Fund
<b>“Trust Deed”</b>	the trust deed dated 28th June 2002 establishing the Fund as amended, modified or supplemented from time to time
<b>“Trustee”</b>	BOCI-Prudential Trustee Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Fund
<b>“Unit”</b>	means such number of undivided shares or such fraction of an undivided share of the Sub-Fund to which a Unit relates as is represented by a Unit of the relevant class, and except where used in relation to a particular class of Unit a reference to Units means and includes Units of all classes. The number of undivided shares represented by each class of Units in a Sub-Fund is adjusted to take account of the different levels of fees borne by each class
<b>“Unitholder”</b>	a registered holder of Units

**“Unqualified Person”**

means:

- (a) a person who by virtue of any law or requirement of any country or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund might not otherwise have incurred or suffered, or might result in the Fund, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or
- (b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund might not otherwise have incurred or suffered, or in the Fund, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action.

**“US\$”, “USD” and “US dollars”**

the lawful currency of the United States of America

**“UTMF Code”**

the SFC’s Code on Unit Trusts and Mutual Funds, as amended from time to time

The BOCHK Investment Funds is a unit trust established by a trust deed dated 28th June 2002, as amended, modified or supplemented from time to time with Bank of China (Hong Kong) Limited as the sponsor, BOCI-Prudential Asset Management Limited as the manager and BOCI-Prudential Trustee Limited as the trustee of the Fund. It is established under and governed by the laws of Hong Kong.

The Fund is an umbrella fund under which twenty Sub-Funds have been successfully launched, following the authorisation by the SFC. They are:

- (i) BOCHK Aggressive Growth Fund
- (ii) BOCHK Balanced Growth Fund
- (iii) BOCHK Conservative Growth Fund
- (iv) BOCHK China Income Fund
- (v) BOCHK Hong Kong Income Fund
- (vi) BOCHK Hong Kong Dollar Income Fund
- (vii) BOCHK Australia Income Fund
- (viii) BOCHK Sterling Income Fund
- (ix) BOCHK Asia Pacific Equity Income Fund
- (x) BOCHK Asia Pacific Equity Fund
- (xi) BOCHK Asia Pacific Property Fund
- (xii) BOCHK China Equity Fund
- (xiii) BOCHK China Golden Dragon Fund
- (xiv) BOCHK China Consumption Growth Fund
- (xv) BOCHK Hong Kong Equity Fund
- (xvi) BOCHK Japan Equity Fund
- (xvii) BOCHK Global Equity Fund
- (xviii) BOCHK Global Bond Fund
- (xix) BOCHK HK Dollar Money Market Fund
- (xx) BOCHK US Dollar Money Market Fund

Only Class A Units are available currently in relation to each Sub-Fund. The Manager may in future request the Trustee to create further Sub-Funds or determine to issue additional classes of Units in relation to each Sub-Fund.



## INVESTMENT OBJECTIVES AND POLICIES

Each Sub-Fund has a separate and distinct investment objective and policy, as described below.

(i) *BOCHK Aggressive Growth Fund*

The BOCHK Aggressive Growth Fund seeks to maximize long-term capital appreciation. The Manager will implement the investment policy by investing in a combination of Sub-Funds which may from time to time be made available for investment under the BOCHK Investment Funds. The risk profile of the BOCHK Aggressive Growth Fund is generally regarded as high.

Under normal circumstances, the BOCHK Aggressive Growth Fund is expected to invest, through its underlying Sub-Funds, a substantial portion of assets in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets; and the balance in global bonds with exposure to the currencies of the United States, Europe and other countries. The BOCHK Aggressive Growth Fund may also invest, through its underlying Sub-Funds, in other types of investments, including, but not limited to, money market instruments.

(ii) *BOCHK Balanced Growth Fund*

The BOCHK Balanced Growth Fund seeks to achieve balanced long-term capital growth. The Manager will implement the investment policy by investing in a combination of Sub-Funds which may from time to time be made available for investment under the BOCHK Investment Funds. The risk profile of the BOCHK Balanced Growth Fund is generally regarded as moderate to high.

Under normal circumstances, the BOCHK Balanced Growth Fund is expected to invest, through its underlying Sub-Funds, in a balanced mix of global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets and global bonds with exposure to the currencies of the United States, Europe and other countries. The BOCHK Balanced Growth Fund may also invest, through its underlying Sub-Funds, in other types of investments, including, but not limited to, money market instruments.

(iii) *BOCHK Conservative Growth Fund*

The BOCHK Conservative Growth Fund seeks to provide the opportunity for conservative long-term capital growth. The Manager will implement the investment policy by investing in a combination of Sub-Funds which may from time to time be made available for investment under the BOCHK Investment Funds. The Manager will make the investment in a conservative manner to reduce the risk of capital losses. The risk profile of the BOCHK Conservative Growth Fund is generally regarded as moderate.

Under normal circumstances, the BOCHK Conservative Growth Fund is expected to invest, through its underlying Sub-Funds, a substantial portion of its assets in global bonds with exposure to the currencies of the United States, Europe and other countries; and the balance in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets. The BOCHK Conservative Growth Fund may also invest, through its underlying Sub-Funds, in other types of investments, including, but not limited to, money market instruments.

(iv) *BOCHK China Income Fund*

The BOCHK China Income Fund seeks to provide investors with stable income and medium-to-long term capital appreciation by investing primarily in high yield equities and investment grade bonds (rated Baa3 or better by Moody's or other credit rating agency of similar standing) that are listed or quoted in the PRC and Hong Kong. Money market instruments will be used for temporary liquidity management purposes. The Manager will also apply active asset allocation strategy between equities and bonds in order to achieve medium-to-long term capital appreciation and generate semi-annual distributions for investors. Depending on the market conditions, the Manager may vary the asset allocation of the BOCHK China Income Fund.

Investors should note that the BOCHK China Income Fund will not invest in non-investment grade bonds. The risk profile of the fund is generally regarded as medium to high.

(v) *BOCHK Hong Kong Income Fund*

The BOCHK Hong Kong Income Fund seeks to provide investors with stable income and medium-to-long term capital appreciation by investing primarily in high yield equities and investment grade bonds (rated Baa3 or better by Moody's or other credit rating agency of similar standing) that are listed or quoted in Hong Kong. Money market instruments will be used for temporary liquidity management purposes. The Manager will also apply active asset allocation strategy between equities and bonds in order to achieve medium-to-long term capital appreciation and generate semi-annual distributions for investors. Depending on the market conditions, the Manager may vary the asset allocation of the BOCHK Hong Kong Income Fund.

Investors should note that the BOCHK Hong Kong Income Fund will not invest in non-investment grade bonds. The risk profile of this Sub-Fund is generally regarded as medium to high.

(vi) *BOCHK Hong Kong Dollar Income Fund*

The BOCHK Hong Kong Dollar Income Fund is an income fund which seeks to provide a stable income stream and long-term capital appreciation through a portfolio which mainly consists of Hong Kong dollar denominated investment grade (rated Baa3 or better by Moody's or other credit rating agency of similar standing) bonds. The risk profile of the BOCHK Hong Kong Dollar Income Fund is generally regarded as low.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The Sub-Fund will not be engaged in any securities lending activities.

(vii) *BOCHK Australia Income Fund*

The BOCHK Australia Income Fund seeks to provide investors with stable income and medium-to-long term capital appreciation through investing primarily in equities listed and quoted in Australia, interests in real estate investment trusts listed in Australia and interest rate products (primarily in bonds) denominated in Australian dollars. Money market instruments will be used for temporary liquidity management purposes. The Manager will also apply active asset allocation strategy between equities, listed real estate investment trusts and interest rate products in order to achieve medium-to-long term capital appreciation and will seek to generate quarterly distributions for investors. Depending on market conditions, the Manager may at its sole discretion vary the asset allocation of the BOCHK Australia Income Fund. The BOCHK Australia Income Fund may employ a minor portion of its assets in futures contracts, options, forward currency transactions or interest rate swaps for hedging purposes.

The risk profile of this Sub-Fund is generally regarded as low to medium.

(viii) *BOCHK Sterling Income Fund*

The BOCHK Sterling Income Fund seeks to generate stable income and capture medium to long-term capital appreciation opportunities through investing primarily in equities listed and quoted in the United Kingdom and fixed income securities which are mainly denominated in sterling. Fixed income securities purchased will predominantly be bond investments. Investment may include floating rate notes, callable bonds, convertible bonds, gilt-edged securities (i.e. British and Irish government securities) and other debt or fixed income instruments.

Money market instruments may be used for temporary liquidity management purposes. The Manager may also invest in interests in real estate investment trusts listed in the United Kingdom. The Manager will apply active asset allocation strategy between equities, interest rate products and other investments in order to seek to generate semi-annual distributions for investors. Depending on market conditions, the Manager may at its sole discretion vary the asset allocation of this Sub-Fund. This Sub-Fund may employ a minor portion of its assets in futures contracts, options, forward currency transactions or interest rate swaps for the purposes of efficient portfolio management and hedging purposes.

The risk profile of this Sub-Fund is generally regarded as low to medium.

(ix) *BOCHK Asia Pacific Equity Income Fund*

The BOCHK Asia Pacific Equity Income Fund is an equity fund which seeks to generate stable income and capture medium-to-long term capital appreciation opportunities and seeks to generate semi-annual distributions for investors through active asset allocation strategies. This Sub-Fund will invest in a diversified portfolio of securities (including warrants and convertible securities) traded on the various stock markets in Asia Pacific including, but not limited to, those in Australia and New Zealand, PRC, Hong Kong, South Korea, Singapore, Malaysia and Taiwan. The Manager has no current intention to invest in Japan but may do so in the future if suitable investment opportunities arise. Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. The risk profile of this Sub-Fund is generally regarded as high. Cash or debt securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in future contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

(x) *BOCHK Asia Pacific Equity Fund*

The BOCHK Asia Pacific Equity Fund is an equity fund that seeks to provide long-term capital growth by investing in equities (including warrants and convertible securities) on the various stock markets in Asia Pacific including, but not limited to, those in Australia and New Zealand, PRC, Hong Kong, South Korea, Singapore, Malaysia and Taiwan. Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. It is intended that this Sub-Fund will not invest in equities in Japan. The risk profile of the BOCHK Asia Pacific Equity Fund is generally regarded as high. Cash and debt securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

(xi) *BOCHK Asia Pacific Property Fund*

The BOCHK Asia Pacific Property Fund seeks to capture medium to long-term capital appreciation opportunities through active management. This Sub-Fund will primarily invest in a diversified portfolio of property-related investment instruments in the Asia Pacific region, including but not limited to those of Australia and New Zealand, PRC, Hong Kong, India, Japan, South Korea, Singapore, Malaysia, Taiwan, Thailand, Philippines and Indonesia. The property-related investment instruments include but not limited to equity securities of companies listed on stock exchanges that are primarily engaged in or related to the ownership, management, development, construction and/or engineering of real estate situated in the Asia Pacific region, real estate investment trusts ("REITs") listed in the Asia Pacific region, debt papers, property funds or pre-IPO property stocks. Access to individual markets may be made by investing in companies based in non-Asian Pacific jurisdictions but which invest or operate in Asia Pacific. The Sub-Fund will not invest in real estate property directly. The risk profile of this Sub-Fund is generally regarded as high. Money market assets, cash or debt securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

(xii) *BOCHK China Equity Fund*

The BOCHK China Equity Fund is an equity fund which aims to provide investors with long-term capital growth through investment mainly in the listed equities and equity related securities (including warrants and convertible securities) of companies whose activities are closely related to the economic development and growth of the economy of the PRC. The risk profile of the BOCHK China Equity Fund is generally regarded as high. Cash and debt securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

(xiii) *BOCHK China Golden Dragon Fund*

The BOCHK China Golden Dragon Fund is to provide investors with capital growth by investing in securities issued by or linked to companies which are related to the economy of the PRC.

The Sub-Fund may invest in A shares (through investments in *equity linked instruments* (“ELIs”) issued by institutions with the *qualified foreign institutional investors* (“QFII”) status in Mainland China – please see paragraph below for details) and B shares listed on the stock exchanges in Mainland China and H shares and shares of red-chip companies listed on the Hong Kong Stock Exchange. The Sub-Fund may also invest in other PRC related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economy of the PRC. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

The Manager may also hold cash, deposits, certificates of deposit, treasury bills, or other instruments for the account of the Sub-Fund. The Manager expects that at least 70% of the non-cash assets of the Sub-Fund will be invested in the PRC-related securities.

Under the prevailing investment regulations of the PRC, foreign institutional investors (such as the Manager) who wish to invest directly in the A share market must obtain the QFII status in the PRC. It is expected that investment of the Sub-Fund in A shares will be made indirectly through ELIs. Such ELIs will be held by the Trustee of the Fund and will be linked to one or a basket of A shares. The ELIs are expected to be quoted on Bloomberg or Reuters or other similar quotation systems and will be issued by institutions with the QFII status. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, the Sub-Fund’s investments therein will not exceed 15% of its latest available Net Asset Value.

Direct investments in the A share market may also be made by the Manager if the Manager has obtained the QFII status.

The Manager intends that investment made by BOCHK China Golden Dragon Fund in the A share market (through ELIs) will not exceed 40%.

Investors should note that the Manager may change the above investment limit in the A share market if it considers appropriate after taking into account the prevailing market conditions.

The risk profile of this Sub-Fund is generally regarded as high.

(xiv) *BOCHK China Consumption Growth Fund*

The BOCHK China Consumption Growth Fund seeks to provide investors with long-term capital growth by investing primarily in listed equities or equity-related securities (including warrants and convertible securities) issued by or linked to companies which activities relate to the consumer sector industry in Hong Kong and/or the Mainland China.

The Sub-Fund may invest in A shares (through investments in ELIs issued by institutions with the QFII status in Mainland China), B shares listed on the stock exchanges in Mainland China, H shares and shares of red-chip companies listed on the Stock Exchange of Hong Kong Limited. The Sub-Fund may also invest in other PRC related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the PRC’s consumption sector. These securities may be listed on the stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

Under the prevailing investment regulations of the PRC, foreign institutional investors (such as the Manager) who wish to invest directly in the A share market must obtain the QFII status in the PRC. It is expected that investment of the Sub-Fund in A shares will be made indirectly through ELIs. Such ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs are expected to be quoted on Bloomberg or Reuters or other similar quotation systems and will be issued by institutions with QFII status. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, the Sub-Fund’s investments therein will not exceed 15% of its latest available Net Asset Value.

Upon prior authorization by the SFC and upon serving at least one month prior notice to the relevant Unitholders, direct investment in the A share market may also be made by the Manager if the Manager obtains QFII status.

The Manager intends that the investment made by the Sub-Fund in the A share market (through ELIs) will not exceed 40%. Investors should take note that the Manager may change this investment limit if it considers appropriate after taking into account the prevailing market conditions.

The Manager may also invest in convertible bonds, pre-IPO stocks of companies which are related to the consumer sector industry of the PRC and may hold cash, deposits, certificates of deposit, treasury bills, debt securities or other instruments for the account of the Sub-Fund. This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

The risk profile of the BOCHK China Consumption Growth Fund is generally regarded as high.

(xv) BOCHK Hong Kong Equity Fund

The BOCHK Hong Kong Equity Fund is an equity fund which aims to provide investors with long-term capital growth through investment mainly in the listed equities and equity related securities (including warrants and convertible securities) of companies operating principally in Hong Kong, or linked either directly or indirectly to the Hong Kong economy. The risk profile of the BOCHK Hong Kong Equity Fund is generally regarded as high. Cash and debt securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The Sub-Fund will not be engaged in any securities lending activities.

(xvi) BOCHK Japan Equity Fund

The BOCHK Japan Equity Fund seeks to provide investors with long-term capital growth through investing primarily in listed equities and equity related securities (including warrants, convertible securities, ADRs (American depository receipts) and GDRs (global depository receipts)) of companies whose activities are closely related to the economic development and growth of the Japan economy. Such equities and equity related securities may be listed on various stock exchanges in Japan, the United States, London or Singapore. Cash and debt securities may be considered when appropriate. The BOCHK Japan Equity Fund may employ a minor portion of its assets in future contracts, options or forward currency transactions for hedging against exchange rate risks.

The risk profile of this Sub-Fund is generally regarded as high.

(xvii) BOCHK Global Equity Fund

The BOCHK Global Equity Fund is an equity fund which aims to achieve long-term capital growth by investing mainly in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan. This Sub-Fund invests in equities and equity related securities, including warrants and convertible securities.

The risk profile of the BOCHK Global Equity Fund is generally regarded as high. Cash and fixed interest securities may be considered when appropriate.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The Sub-Fund will not be engaged in any securities lending activities.

(xviii) BOCHK Global Bond Fund

The BOCHK Global Bond Fund is a bond fund that seeks to provide a stable income stream and long-term capital appreciation through a portfolio in bonds denominated in various major world currencies. Major world currencies include but are not limited to US Dollar, British Sterling, Euro and Japanese Yen. The risk profile of the BOCHK Global Bond Fund is generally regarded as low to medium.

This Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

(xix) BOCHK HK Dollar Money Market Fund

The BOCHK HK Dollar Money Market Fund's investment objective is to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term money market investments combined with a high degree of security and ready availability of monies. The Manager's policy will be to invest in a range of deposits, commercial paper of leading companies and other money market instruments. Investments will be limited to Hong Kong dollar denominated securities with a remaining maturity of not more than 12 months or two years in the case of government and other public securities, with an average portfolio maturity not exceeding 90 days.

The investment policy will be directed towards the acquisition of deposits and money market instruments which will earn an income for the Sub-Fund in line with that applying to large money market transactions and to protect the unit value from fluctuations. Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes.

This Sub-Fund will not be engaged in any securities lending activities. The risk profile of this Sub-Fund is regarded as low.

Investors should note that the purchase of a Unit in the BOCHK HK Dollar Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that the Manager has no obligation to redeem Units at its issue price and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

(xx) BOCHK US Dollar Money Market Fund

The BOCHK US Dollar Money Market Fund's investment objective is to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term money market investments combined with a high degree of security and ready availability of monies. The Manager's policy will be to invest in a range of deposits with banks, commercial paper of leading companies and other money market instruments. Investments will be limited to US dollar deposits and US dollar denominated securities with a remaining maturity of not more than 12 months or two years in the case of government and other public securities, with an average portfolio maturity not exceeding 90 days.

The investment policy will be directed towards the acquisition of deposits and money market instruments which will earn an income for the Sub-Fund in line with that applying to large money market transactions and protect the unit value from fluctuations. Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes.

This Sub-Fund will not be engaged in any securities lending activities. The risk profile of this Sub-Fund is regarded as low.

Investors should note that the purchase of a Unit in the BOCHK US Dollar Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company and that the Manager has no obligation to redeem Units at its issue price and that the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Subject to the approval of the SFC, the Manager may change the investment policy of any Sub-Fund by giving a three months' prior written notice (or such shorter period of notice as the SFC may approve) to the Unitholders of the Fund.

## RISK FACTORS AND RISK MANAGEMENT POLICIES

### Risk Factors

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up. The performance of the Sub-Funds will be affected by a number of risk factors, including the following:

- (a) Political, economic and social risks – Changes in political, economic and social conditions in any country in which the Sub-Funds may invest could adversely affect the value of investments.
- (b) Interest rate risk – As the Sub-Funds may invest in securities whose value is driven significantly by changes in interest rates, the Sub-Funds are subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.
- (c) Market risk – Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Funds may also expose the Sub-Funds significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per unit of the Sub-Funds.
- (d) Accounting standards and disclosure – The Sub-Funds may invest in emerging markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions may be required to be made on less complete information than is customarily available.
- (e) Foreign exchange risk – The Sub-Funds will invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on a Sub-Fund's performance.
- (f) Securities risk – Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.
- (g) Credit risk – If the issuer of any of the fixed interest securities in which the Sub-Funds' assets are invested defaults, the performance of the Sub-Funds will be adversely affected.
- (h) Counterparty risk – An issuer or guarantor of a security or a counterparty to a financial instrument may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations which may affect the value of the investments or the amount that the Sub-Funds may receive from the financial instruments. Changes in a debt issuer's credit rating may affect a debt instrument's value and may have an impact on the Sub-Funds' performance. If a counterparty becomes bankrupt, the value of investment in the Sub-Funds may decline and the Sub-Funds may experience significant delays in obtaining any recovery in a bankruptcy or other proceedings or may obtain only limited recovery or may obtain no recovery in some circumstances.

- (i) Derivative Instruments – The Sub-Funds may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Funds to losses that exceed the cost of the derivatives. Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Funds and the Sub-Funds' returns may be reduced due to the hedging costs incurred. The Sub-Funds may use derivatives for non-hedging purposes and this may increase the potential losses of the Sub-Funds.
- (j) Single Country Risk – The investments of the Sub-Funds mainly focus on the business of one single country, thereby increasing its vulnerability to the economic, political or regulatory developments of that country.
- (k) Country, Political and Sovereign Risk – Investors should note that investment closely related to a particular country may be subject to the country's political and sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country and affect the value of related investments. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country may adversely affect the value of related investments.
- (l) Tax risk – Dividends and certain interests or other income paid to the Sub-Funds may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Funds' performance and distributions (if applicable) that the Unitholders may receive from the Sub-Funds.

In addition to the general risk factors set out above, investors should also note the following risk factors with respect to the *BOCHK Australia Income Fund*:

- (a) Market risk – Market risk includes the economic and investment environment in Australia which may have a significant impact on the value of the investments. Although the economy of Australia has been growing steadily, there is no assurance of a continuous economic growth.
- (b) Exchange rate risk – The underlying investments of the Sub-Fund are denominated in Australian dollars and distributions from the Sub-Fund are payable to investors in Australian dollars. Investors who invest with a currency other than Australian dollars may be subject to the exchange rate risk of Australian dollars.
- (c) Real estate risk – As part of the Sub-Fund's assets may be invested in real estate investment trusts listed in Australia, fluctuation in the prices of real estates in Australia or other jurisdictions in which such real estate investment trusts invest may affect the performance of the Sub-Fund.

In addition to the general risk factors set out above, investors should also note the following risk factors with respect to the *BOCHK Sterling Income Fund*:

- (a) Market risk – Market risk includes the economic and investment environment in the United Kingdom which may have a significant impact on the value of the investments.
- (b) Exchange rate risk – The underlying investments of the Sub-Fund are mainly denominated in pound sterling and distributions from the Sub-Fund are payable to investors in pound sterling. Investors who invest with a currency other than pound sterling may be subject to the exchange rate risk of pound sterling.
- (c) Real estate risk – As part of the Sub-Fund's assets may be invested in real estate investment trusts listed in the United Kingdom, fluctuation in the prices of real estates in the United Kingdom or other jurisdictions in which such real estate investment trusts invest may affect the performance of the Sub-Fund.

In addition to the general risk factors set out above, investors should also note the following risk factors with respect to the *BOCHK China Golden Dragon Fund* and *BOCHK China Consumption Growth Fund*:

(a) Economic, political and social risks

The Sub-Fund may be subject to the economic, political and social development and risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government continues to play a major role in regulating industrial development. It can also exercise significant control over the PRC economic growth through allocation of resources, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy of the PRC and affect the PRC securities markets. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance of the Sub-Fund.



(b) The PRC legal system and regulatory framework

The legal system and regulatory framework of the PRC have inherent uncertainties that could limit the legal protection available to investors. The PRC legal system is based on written statutes. However, most promulgated laws and regulations relating to foreign investment and securities are relatively new, and the interpretation and enforcement of them involve uncertainties.

(c) The PRC foreign investment measures

Foreign investments in the PRC market are highly regulated. Investors should note that investment by QFIIs in the PRC are subject to restrictions imposed by the China Securities Regulatory Commission from time to time.

(d) Emerging market risk

Investors should note that investment in emerging markets involves special risks and considerations. These include the possibility of nationalization, expropriation, government control and intervention, smaller capital market, fewer choices of investment, potential price and market volatility and illiquidity. All these may have an adverse impact on the performance of the Sub-Fund.

(e) Exchange rate risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation. Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(f) Choice of investments and market volatility

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in more developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities, affecting the performance of the ELIs in which the Sub-Fund invests.

(g) Accounting standards and disclosure

The accounting, auditing and financial reporting standards and practices in the PRC may differ from (or less stringent than) those of the more developed securities markets. Investment decisions may therefore be made based on reports or analysis prepared in accordance with such different sets of standards.

(h) Investment in ELIs

*Illiquidity risk:* ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

*Potential lack of economic benefits of underlying A shares:* Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

*Repatriation risk:* ELIs issued by institutions with the QFII status will be subject to the restrictions imposed in respect of repatriation of funds, which may adversely affect the Sub-Fund's liquidity and performance. For details of such restrictions, please refer to the section "**PRC foreign investment measures**" above. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

*Valuation risk:* Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

*Credit risk:* As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

Investors should also note that the above risks relating to ELLs will increase as the Sub-Fund's investment through ELLs in the A share market increases.

(i) Taxation in the PRC

Various tax reforms have been implemented by the PRC government in recent years and certain tax incentives are available to foreign investments. There can be no assurance that these existing tax laws or incentives will not be revised or abolished. Any changes in tax policies may affect adversely the performance of companies in the PRC.

In addition to the general risk factors set out above, investors should also note the following risk factors with respect to the *BOCHK Asia Pacific Property Fund*:

(a) Real estate securities risks

Although the Sub-Fund does not invest directly in real estate, it is subject to the general risks relating to investment in real estate. Such risks include possible decline in property prices, interest rate changes where a higher interest rate will increase the funding costs, reduced demand for properties and property vacancies, changes in market rental rates, overbuilding, increasing competition, changes in government policies, changes in zoning and environmental laws and regulations, possible increase in operating, maintenance or insurance expenses or property taxes, etc., changes in neighborhood property use and value, changes in market or regulatory limits on rental rates, inability of the lessor to recover unpaid rent, uninsured and underinsured loss, depreciation of building value, shortage of mortgage funds, changes in general and local economic conditions, environmental hazards, casualty, liability to third parties and reliance on prudent management. Companies with major focus in real estate, property development and construction business may have limitation in their ability to react promptly to changes in market conditions. Any decline in the value of real estate security investment or income will adversely affect the value and distribution of the Sub-Fund.

(b) Real estate investment trusts "REITs" risks

The Sub-Fund is also subject to risks inherent in REITs which invest primarily in real estate. This may involve different and possible higher level of risk as compared with a diversified fund. REITs may be more volatile than other securities as they may trade less frequently and in smaller volume and they may have limited financial resources.

The performance of REITs will depend on various factors, such as management skills, for example, whether the manager is able to implement its strategy and whether the manager will change its strategy, change in value of the underlying properties, illiquidity of the investments which may affect the ability of REITs to change the investment or to liquidate part of the assets in response to changes in economic, market or other conditions, interest rate risks, changes in general and local economic conditions, taxation policies, non-renewal of expiring leases, unexpected expenditure or failure of lessees to meet their obligations. Further, REITs are subject to heavy cash flow dependency.

Investors should note that an investment in the Sub-Fund is not equivalent to an investment in a REIT and that the distribution of the Sub-Fund (if any) will not be the same as the distribution of the underlying REITs.

Investors should also note that the Sub-Fund may also invest in REITs that are not authorized by the SFC.

### **Risk Management Policies with respect to BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund**

In accordance with the investment objectives and policies of BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund, the Manager may invest in ELLs. The Manager will seek to:

- (a) acquire A shares ELLs from reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;
- (b) gather confirmed market news to assess the financial soundness of the issuers of the ELLs;
- (c) conduct review on the economic developments, investment policy for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELLs, in order to monitor relevant risks to investment in ELLs;
- (d) make tax provisions on investment in ELLs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

## **INVESTMENT AND BORROWING RESTRICTIONS**

### **Investment Restrictions**

The Trust Deed imposes a number of restrictions and prohibitions on investment of the Sub-Funds. The following restrictions and prohibitions will apply to all the Sub-Funds except for the BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK HK Dollar Money Market Fund and BOCHK US Dollar Money Market Fund:

- (i) Unless otherwise approved by the SFC, the value of a Sub-Fund's holding of securities issued by any single issuer may not exceed 10% of its latest available Net Asset Value as at the time the investment is made.
- (ii) A Sub-Fund may not hold more than 10% of any ordinary shares issued by any single issuer.
- (iii) The value of a Sub-Fund's holding of securities neither listed nor quoted may not exceed 15% of its latest available Net Asset Value as at the time the investment is made.

- (iv) Notwithstanding (i) and (ii), up to 30% of a Sub-Fund's latest available Net Asset Value may be invested in Government and other public securities of the same issue.
- (v) Subject to (iv), a Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues.
- (vi) A Sub-Fund may invest in options and warrants for hedging purposes. In addition, the value of a Sub-Fund's investment in warrants and options not held for hedging purpose in terms of the total amount of premium paid may not exceed 15% of its latest available Net Asset Value as at the time the investment is made.
- (vii) The writing of uncovered options by a Sub-Fund is prohibited.
- (viii) The writing of call options on portfolio investments may not exceed 25% of its latest available Net Asset Value in terms of exercise price as at the time the investment is made.
- (ix) A Sub-Fund may enter into financial futures contracts for hedging purposes.
- (x) In addition to (ix), a Sub-Fund may enter into futures contracts on an unhedged basis provided that the net total aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding future contracts, together with the aggregate value of holdings of physical commodities and commodity based investments may not exceed 20% of its latest available Net Asset Value as at the time the investment is made.
- (xi) The value of a Sub-Fund's holding of units or shares in other collective investment schemes may not in aggregate exceed 10% of its latest available Net Asset Value as at the time the investment is made.
- (xii) Unless otherwise permitted by the SFC or under the UTMF Code, a Sub-Fund may not invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs) that are listed on a stock exchange).
- (xiii) No short sale may be made which results in the Sub-Fund's liability to deliver securities exceeding 10% of its latest available Net Asset Value and where a short sale is made, the security which is sold short must be actively traded on a market where short selling activities are permitted.
- (xiv) A Sub-Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee.
- (xv) A Sub-Fund may not acquire any asset which involves the assumption of any liability which is unlimited.
- (xvi) A Sub-Fund may not invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or collectively the directors and officers of the Manager own more than 5% of those securities.
- (xvii) The portfolio of the Sub-Fund may not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash by the Sub-Fund's portfolio, the amount of which has not already been taken into account for the purpose of paragraph (viii) above.

In relation to the *BOCHK HK Dollar Money Market Fund* and *BOCHK US Dollar Money Market Fund*, the following investment restrictions will apply:

- (i) Subject to the restrictions below, the Sub-Fund may only invest in deposits and debt securities.
- (ii) The Sub-Fund must maintain an average portfolio maturity not exceeding 90 days and must not purchase an instrument with a remaining maturity of more than one year, or two years in the case of government and other public securities.
- (iii) The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single issuer may not exceed 10% of the latest available Net Asset Value of the Sub-Fund except:
  - (a) where the issuer is a substantial financial institution and the total amount does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or
  - (b) in the case of government and other public securities, up to 30% may be invested in same issue; or
  - (c) in respect of any deposit of less than US\$1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.

In respect of the *BOCHK Aggressive Growth Fund*, *BOCHK Balanced Growth Fund* and *BOCHK Conservative Growth Fund*, investors should note that the investment and borrowing restrictions mentioned above shall be substituted by the following investment and borrowing restrictions:

- (i) each of the three Sub-Funds must invest substantially all of its assets in other collective investment schemes (including, for the avoidance of doubt, other Sub-Funds of the BOCHK Investment Funds), provided that it may hold cash for ancillary purposes and enter into financial futures contracts for hedging purposes;
- (ii) subject to paragraph (i) above, each of the three Sub-Funds may only invest in units or shares of collective investment schemes authorized by the SFC or in recognized jurisdiction schemes (as such term is defined in the UTMF Code), including recognized jurisdiction schemes which are not authorized by the SFC, provided that not more than 10 per cent of each of the three Sub-Funds' latest available Net Asset Value may be invested in non-recognized jurisdiction schemes not authorized by the SFC;

- (iii) notwithstanding paragraph (ii) above, no investment may be made by each of the three Sub-Funds in any collective investment scheme whose investments are not in compliance with the applicable investment restrictions set out in Chapter 7 of the UTMF Code;
- (iv) each of the three Sub-Funds must invest in at least five collective investment schemes, and not more than 30 per cent of its latest available Net Asset Value may be invested in any one collective investment scheme. For the avoidance of doubt, each of the Sub-Funds of the BOCHK Investment Funds shall be deemed to be a separate collective investment scheme for the purposes of these investment restrictions;
- (v) the three Sub-Funds may not invest in another collective investment scheme which invest substantially all of its assets in other collective investment schemes (a "UPM Fund"). Each of the three Sub-Funds will be regarded as a UPM Fund. Therefore, the Manager may not invest the assets of any one of the three Sub-Funds in another Sub-Fund of the three Sub-Funds;
- (vi) the maximum amount which may be borrowed for the account of each of the three Sub-Funds shall be 10 per cent of the latest available Net Asset Value of the Sub-Fund as at the time the borrowing is made and such borrowing shall only be made on a temporary basis for the purposes of meeting redemption request or defraying operating expenses;
- (vii) each of the three Sub-Funds may not invest more than 10 per cent of its latest available Net Asset Value in any collective investment scheme whose primary objective is to invest in warrant or to invest in futures and options or which is permitted to invest on a leveraged basis exceeding 25 per cent of its latest available Net Asset Value; and
- (viii) the three Sub-Funds may not acquire any asset which involves the assumption of any liability which is unlimited.

#### **Borrowing Restrictions**

The Manager may borrow up to 25% of the latest available Net Asset Value of each Sub-Fund as at the time the investment is made except that for the Money Market Sub-Funds, the Manager may only borrow up to 10% of the Sub-Fund's latest available Net Asset Value as at the time the investment is made and such borrowing must be on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

The assets of the relevant Sub-Fund may be charged or pledged as security for any such borrowings.

#### **Applicability of Restrictions to Umbrella Funds**

The nominal amount of a Sub-Fund's holding of ordinary shares in the capital of any single issuer, when aggregated with the holdings of such ordinary shares held by all other Sub-Funds, shall not exceed 10 per cent of the total nominal amount of all the ordinary shares in the capital of that issuer in issue.

#### **General**

If any of the investment and borrowing restrictions are breached, the Manager shall as a priority objective take all steps necessary as soon as practicable to remedy the situation, having due regard to the interests of Unitholders.

## **MANAGEMENT AND ADMINISTRATION**

#### **Manager**

BOCI-Prudential Asset Management Limited is the manager of the Fund. BOCI-Prudential Asset Management Limited is a joint venture between BOCI Asset Management Limited and Prudential Corporation Holdings Limited. BOCI Asset Management Limited is a wholly owned subsidiary of BOC International Holdings Limited which in turn is a wholly owned subsidiary of Bank of China Limited. BOCI-Prudential Asset Management Limited is specialized in security-based portfolio management business. Teaming up with elite investment professionals, BOCI-Prudential Asset Management Limited is devoted to providing advanced and quality services to its clients and is committed to be a professional, prudent and reliable fund management house.

#### **Trustee and Registrar**

The Trustee and Registrar of the Fund is BOCI-Prudential Trustee Limited, which is a registered trust company in Hong Kong.

The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited ("PCHL"). BOC Group Trustee Company Limited is owned by BOC International Holdings Limited ("BOCI") and Bank of China (Hong Kong) Limited ("BOC(HK)"), which are subsidiaries of Bank of China Limited. The business activities of Bank of China Limited are principally corporate banking, retail banking, investment banking, insurance and other financial services. PCHL is wholly owned by Prudential plc which provides a broad range of financial and insurance services as well as engages in fund management business. The net assets of the Trustee were HK\$366 million as at 31st December 2010.

Under the Trust Deed, the Trustee is responsible for the safekeeping of the assets of the Fund. The Trustee may, however, appoint any person or persons to be custodian of such assets. The Trustee is required to exercise reasonable skill, care and diligence in the selection, appointment and monitoring of such persons and, during the term of their appointment, must satisfy itself as to the ongoing suitability of such persons to provide custodial services to the Fund, having regard to the market or markets for which such persons are appointed to act as custodian. The Trustee will remain responsible for the acts or omissions of such persons in the same manner as if such acts or omissions were those of the Trustee, except where such persons are appointed in respect of a market or markets which the Trustee has determined by notice to the Manager to be emerging markets. Notwithstanding the above, the Trustee will remain responsible for the acts or omissions of any associate of the Trustee appointed in respect of an emerging market.

## **Sponsor**

Bank of China (Hong Kong) Limited is the Sponsor of the Fund.

Bank of China (Hong Kong) Limited was officially established on October 1, 2001. It combines the business of ten of the twelve banks in Hong Kong originally under the Bank of China (BOC) Group, including Bank of China Hong Kong Branch, the Hong Kong branches of the seven other banks incorporated in the Mainland China (The Kwangtung Provincial Bank, Sin Hua Bank Limited, The China & South Sea Bank Limited, Kincheng Banking Corporation, The China State Bank, Limited, The National Commercial Bank Limited and The Yien Yieh Commercial Bank Limited), as well as two locally-incorporated banks, Hua Chiao Commercial Bank Limited and Po Sang Bank Limited. Bank of China (Hong Kong) Limited is also the majority shareholder of Nanyang Commercial Bank Limited and Chiyu Banking Corporation Limited, which are incorporated in Hong Kong, as well as BOC Credit Card (International) Limited.

The ultimate controlling shareholder of Bank of China (Hong Kong) Limited is Central SAFE Investments Limited (“SAFE”) which is a wholly state-owned investment institution. SAFE is a substantial shareholder of Bank of China Limited. As a licensed bank in Hong Kong, Bank of China (Hong Kong) Limited operates in accordance with local and international banking regulatory standards, requirements of corporate governance, prudent accounting principles and financial information disclosure requirements. This adherence to international best practice enables Bank of China (Hong Kong) Limited to serve Hong Kong and international customers better and establish a foundation for better utilizing local and international capital markets in the future. It also enables Bank of China (Hong Kong) Limited to enjoy an advantageous position in both the Mainland China and Hong Kong markets.

As one of the pillars of the Hong Kong banking system, Bank of China (Hong Kong) Limited has a strong asset position among other local banks in Hong Kong. As of 31st December 2010, the total assets of Bank of China (Hong Kong) Limited were HK\$1,612,194 million. With such a solid foundation, Bank of China (Hong Kong) Limited assumes a leading position among local banks in various areas of retail and corporate banking, including mortgage loans, syndicate loans, credit cards, SME loans, foreign exchange and precious metals retail business. Bank of China (Hong Kong) Limited is also one of the three note-issuing banks in Hong Kong.

Subject to SFC approval, the Sponsor will have the power to remove the Manager or the Trustee by giving not less than 90 days written notice to the Manager or the Trustee (as the case may be) and appoint a replacement. The Sponsor may also terminate the Fund or Sub-Fund under certain specified situations (For details, please see “General Information” – “Termination of the Fund” and “Termination of a Sub-Fund”).

## **ISSUE OF UNITS**

Currently, only Class A Units of the Sub-Funds with different fee levels are available for subscription by investors during a prescribed period (the “**Initial Period**”) and on each Dealing Day thereafter.

Units of the following Sub-Funds are denominated in HK dollars:

1. BOCHK China Income Fund;
2. BOCHK Hong Kong Income Fund;
3. BOCHK Hong Kong Dollar Income Fund;
4. BOCHK China Equity Fund;
5. BOCHK China Golden Dragon Fund;
6. BOCHK China Consumption Growth Fund;
7. BOCHK Hong Kong Equity Fund; and
8. BOCHK HK Dollar Money Market Fund.

Units of the following Sub-Funds are denominated in US dollars:

1. BOCHK Aggressive Growth Fund;
2. BOCHK Balanced Growth Fund;
3. BOCHK Conservative Growth Fund;
4. BOCHK Asia Pacific Equity Income Fund;
5. BOCHK Japan Equity Fund;
6. BOCHK Asia Pacific Equity Fund;
7. BOCHK Asia Pacific Property Fund;
8. BOCHK Global Equity Fund;
9. BOCHK Global Bond Fund; and
10. BOCHK US Dollar Money Market Fund.

Units of the BOCHK Australia Income Fund are denominated in Australian dollars. Units of the BOCHK Sterling Income Fund are denominated in pound sterling (GBP).

### **Initial Issue of Units**

Each of the Sub-Funds was initially offered to investors during its Initial Period at an issue price based on the denomination of the Sub-Fund. As at the date of publication of this Explanatory Memorandum, the Initial Periods for all Sub-Funds have been closed.

In respect of applications in writing or by facsimile received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period. The original of any application form given by facsimile must be forwarded to the Manager.

The Manager may levy an initial charge on the issue of Class A Units of each Sub-Fund. The maximum amount of such initial charge is set out in the "Charges and Expenses" section on page 25 below.

No initial charge will be levied in respect of the issue of the Class B Units of the Sub-Funds.

**The Manager may exercise its discretion not to issue any Units of a Sub-Fund during the Initial Period if the size of that Sub-Fund is less than the prescribed minimum amount fixed by the Manager as at the closing date of the Initial Period.**

**If the Manager exercises such discretion, it will notify applicants in writing within three Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in Hong Kong dollars (or, at the sole discretion of the Manager, in the currency in which the subscription monies were received) within seven Business Days after the expiry of the Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.**

### **Subsequent Issues of Units**

After the relevant Initial Period, applications in writing or by facsimile received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing or by facsimile are received after such time or on a day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of a Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of that Sub-Fund as at close of business in the last relevant market to close on that Dealing Day (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on page 23 below). The Manager may levy an initial charge on the issue of each Class A Unit. The maximum amount of such initial charge is set out in the "Charges and Expenses" section on page 25 below. No initial charge will be levied on the issue of Class B Units.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

### **Minimum Subscription and Subsequent Holding**

Unless otherwise allowed under the "Regular Savings Plan" section on page 25 below, the minimum amount of each subscription in each class of Sub-Fund during and after the relevant Initial Period shall be HK\$10,000 inclusive of any initial charge (or its equivalent amount in US dollars, Australian dollars or GBP, depending on the denomination of the Sub-Fund). Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Units in any class of Sub-Fund, if after redemption, the Unitholder's holding in such class of Sub-Fund falls below HK\$10,000 (or its equivalent amount in US dollars, Australian dollars or GBP, depending on the denomination of the Sub-Fund).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements of any Sub-Funds for any Unitholder.

### **Application Procedure**

Except otherwise specified by the Manager in its website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)), applications for Units must be made by completing the enclosed Master Account Opening Form and Subscription Form and sending the forms to the Manager. The original of any Master Account Opening Form and Subscription Form given by facsimile must be forwarded to the Manager. Neither the Manager nor the Trustee shall be responsible to an investor for any loss resulting from non-receipt of any Master Account Opening Form and Subscription Form sent by facsimile.

### **Payment Procedure**

Payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Trustee Limited – BOCHKIF – Sub A/C" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). Payment by cheque is likely to cause delay in receipt of cleared funds and an application will not be accepted and Units will not be issued until the cheque is cleared. Any costs of transfer of application monies to the Sub-Funds will be payable by the applicant. The account details are as follows:

**Name:** Bank of China (Hong Kong) Limited  
**Address:** Bank of China Tower, 1 Garden Road, Hong Kong

**Account:** BOCI-Prudential Trustee Limited – BOCHKIF – Sub A/C

**A/C Numbers:** For BOCHK Hong Kong Equity Fund  
BOCHK Hong Kong Dollar Income Fund  
BOCHK HK Dollar Money Market Fund  
BOCHK China Equity Fund  
BOCHK China Income Fund  
BOCHK Hong Kong Income Fund  
BOCHK China Golden Dragon Fund  
BOCHK China Consumption Growth Fund: 012-875-1-1290085

For BOCHK Global Equity Fund  
BOCHK US Dollar Money Market Fund  
BOCHK Asia Pacific Equity Fund  
BOCHK Global Bond Fund  
BOCHK Aggressive Growth Fund  
BOCHK Balanced Growth Fund  
BOCHK Conservative Growth Fund  
BOCHK Japan Equity Fund  
BOCHK Australia Income Fund  
BOCHK Asia Pacific Equity Income Fund  
BOCHK Sterling Income Fund  
BOCHK Asia Pacific Property Fund : 012-875-9-2294808

Investors should note the payment procedures of BOCHK Investment Funds as described below:

(A) In respect of the following Sub-Funds:

- (i) BOCHK US Dollar Money Market Fund,
- (ii) BOCHK HK Dollar Money Market Fund, and
- (iii) any other Money Market Sub-Funds from time to time established under the BOCHK Investment Funds,

applications (for subscription of the Money Market Sub-Fund(s) or switching into the Money Market Sub-Fund(s)) will not be processed unless the subscription proceeds (payment or in the case of fund switching, the redemption proceeds of the Sub-Fund(s) switched out by the Unitholders that are used to subscribe to the Money Market Sub-Fund(s)) in cleared funds are received.

(B) In respect of the following Sub-Funds:

- (i) BOCHK Hong Kong Equity Fund,
- (ii) BOCHK Global Equity Fund,
- (iii) BOCHK Hong Kong Dollar Income Fund,
- (iv) BOCHK Asia Pacific Equity Fund,
- (v) BOCHK China Equity Fund,
- (vi) BOCHK Global Bond Fund,
- (vii) BOCHK China Income Fund,
- (viii) BOCHK Hong Kong Income Fund,
- (ix) BOCHK China Golden Dragon Fund,
- (x) BOCHK Japan Equity Fund,
- (xi) BOCHK Australia Income Fund,
- (xii) BOCHK Sterling Income Fund,

- (xiii) BOCHK Asia Pacific Equity Income Fund,
- (xiv) BOCHK Asia Pacific Property Fund,
- (xv) BOCHK China Consumption Growth Fund,
- (xvi) BOCHK Aggressive Growth Fund,
- (xvii) BOCHK Balanced Growth Fund, and
- (xviii) BOCHK Conservative Growth Fund.

payment for Units shall be due (i) prior to the close of the relevant Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued.

In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Subscription monies for BOCHK Hong Kong Equity Fund, BOCHK Hong Kong Dollar Income Fund, BOCHK HK Dollar Money Market Fund, BOCHK China Equity Fund, BOCHK China Income Fund, BOCHK Hong Kong Income Fund, BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund must be paid in Hong Kong dollars.

For BOCHK Global Equity Fund, BOCHK US Dollar Money Market Fund, BOCHK Asia Pacific Equity Fund, BOCHK Global Bond Fund, BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK Japan Equity Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Asia Pacific Property Fund, subscription monies must be paid in US dollars except that under the regular savings plan, they must be paid in Hong Kong dollars.

For BOCHK Australia Income Fund, subscription monies must be paid in Australian dollars (except that under the regular savings plan).

For BOCHK Sterling Income Fund, subscription monies must be paid in GBP (except that under the regular savings plan).

However, the Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. US dollar cheques given must be drawn in Hong Kong and US dollar cheques drawn outside Hong Kong will not be accepted. Australian dollar cheques given must be drawn in Hong Kong and Australian dollar cheques drawn outside Hong Kong will not be accepted. GBP cheques given must be drawn in Hong Kong and GBP cheques drawn outside Hong Kong will not be accepted.

**Investors should note that for payment by telegraphic or bank transfer in US dollars to be received for value on a particular day, payment must be made for value in New York at least one New York business day preceding such day; for payment by telegraphic or bank transfer in Hong Kong dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one Hong Kong business day preceding such day; for payment by telegraphic or bank transfer in Australian dollars to be received for value on a particular day, payment must be made for value in Sydney at least one Sydney business day preceding such day; and for payment by telegraphic or bank transfer in GBP to be received for value on a particular day, payment must be made for value in London at least one London business day preceding such day.**

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance of Hong Kong.

### **General**

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an investor's application and will be forwarded by ordinary post (at the risk of the person entitled thereto).

Fractions of not less than ten-thousandth of a Unit may be issued. Smaller fractions will be retained for the benefit of the relevant Sub-Fund.

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units. In the event that an application is rejected, application moneys will be returned without interest by cheque through the post at the risk of the person(s) entitled thereto or through bank transfer. Without limiting the generality of the foregoing, the Manager may reject any application for subscription, redemption or switching where insufficient information is being provided or in case there is any error or omission in the information provided. No Units of a Sub-Fund will be issued where the determination of the Net Asset Value of that Sub-Fund is suspended (for further details see "Suspension of Calculation of Net Asset Value" on page 24 below).

## REDEMPTION OF UNITS

Subject as mentioned below, any Unitholder may realise his Units on any Dealing Day in whole or in part.

For redemption of Class B Units, the Manager is entitled to levy a redemption charge if the Units are redeemed within 4 years of their issue and redemption will be effected on a "First In First Out" basis, i.e. the first Unit to be redeemed will be the Unit which was first issued. For this purpose, a redeeming Unit is considered to be issued at the time when the relevant subscription monies were used to acquire that redeeming Unit (or if such redeeming Unit was issued to the Unitholder as a result of one or more switching from another Unit, the redeeming Unit will be considered to be issued at the time the original Unit was issued to the Unitholder after the relevant subscription monies were received by the Trustee) and in making such a consideration, the Manager may make such assumptions as it considers appropriate. No redemption charge will be levied for the redemption of Class B Units after 4 years of their issue.

No redemption charge will be levied for the redemption of Class A Units.

The details of the redemption charges are set out in the "Charges and Expenses" section on page 25 below.

A redemption request may be given to the Manager in writing or by facsimile or through other authorized means as may from time to time specified by the Manager in the Manager's webpage ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and must specify:

- (a) the name of the relevant Sub-Fund;
- (b) the class and number of Units or the amount of monies to be redeemed;
- (c) the name(s) of the registered holder(s); and
- (d) payment instructions for the redemption proceeds.

The original of any redemption request given by facsimile must be forwarded to the Manager. Neither the Manager nor the Trustee shall be responsible to a Unitholder for any loss resulting from non-receipt of any redemption request sent by facsimile.

Redemption requests in writing or by facsimile received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing or by facsimile received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Application for redemption of Units may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units of the relevant class realised on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the relevant Sub-Fund as at close of business in the last relevant market to close on that Dealing Day (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on page 23 below).

### **Payment of Redemption Proceeds**

Except otherwise waived by the Manager, redemption proceeds will not be paid to any redeeming Unitholder until (a) the written original of the redemption request duly signed by the Unitholder has been received by or on behalf of the Manager and (b) where the Trustee so requires, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

Redemption proceeds from the BOCHK Hong Kong Equity Fund, BOCHK Hong Kong Dollar Income Fund, BOCHK HK Dollar Money Market Fund, BOCHK China Equity Fund, BOCHK China Income Fund, BOCHK Hong Kong Income Fund, BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund will normally be paid in Hong Kong dollars.

Redemption proceeds from the BOCHK US Dollar Money Market Fund, BOCHK Global Equity Fund, BOCHK Asia Pacific Equity Fund, BOCHK Global Bond Fund, BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK Japan Equity Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Asia Pacific Property Fund will normally be paid in US dollars.

Redemption proceeds from the BOCHK Australia Income Fund will normally be paid in Australian dollars.

Redemption proceeds from the BOCHK Sterling Income Fund will normally be paid in GBP.

Unitholders may, however, request the proceeds to be paid in other currencies, in which case, the proceeds will be converted to the requested currency at the prevailing exchange rate. Any exchange rate risk will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid by telegraphic or bank transfer (less the cost of effecting such telegraphic or bank transfer), normally within 5 Business Days after the relevant Dealing Day and in any event within one month of the relevant Dealing Day (unless payment of redemption proceeds has been suspended – see "Restrictions on Redemption" on page 22 below) or, if later, after duly completed original redemption documentation has been received by the Manager, unless such requirement is waived by the Manager. Request by the redeeming Unitholder to make the payment to a third party will not be accepted unless approval is obtained from the Manager or additional supporting documents as may be required by the Trustee are provided. Where a redemption request provides for the redemption

proceeds to be paid to any person other than the registered Unitholder(s) or to be paid by telegraphic or bank transfer to a bank account in Hong Kong, New York, London or Sydney, the signature of the Unitholder or (in the case of joint Unitholders) each Unitholder on that redemption request must be verified to the satisfaction of the Trustee. If relevant account details are not provided, redemption proceeds will be paid to the redeeming Unitholder (or to all Unitholders in case of joint Unitholders) at the Unitholder's risk by cheque in Hong Kong dollars for the BOCHK Hong Kong Equity Fund, BOCHK Hong Kong Dollar Income Fund, BOCHK HK Dollar Money Market Fund, BOCHK China Equity Fund, BOCHK China Income Fund, BOCHK Hong Kong Income Fund, BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund; in US dollars for the BOCHK US Dollar Money Market Fund, BOCHK Global Equity Fund, BOCHK Asia Pacific Equity Fund, BOCHK Global Bond Fund, BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK Japan Equity Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Asia Pacific Property Fund; in Australian dollars for the BOCHK Australia Income Fund; in GBP for the BOCHK Sterling Income Fund. In the case of joint Unitholders, the cheque will be drawn in the names of all Unitholders. Bank charges (if any) incurred in making payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

#### **Payment of Redemption Proceeds by Distribution in Specie**

Notwithstanding the above, the Manager has an absolute discretion to effect a redemption payment to any or all redeeming Unitholders in specie or in kind rather than in cash. The circumstances in which the Manager envisages exercising this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemption requests are received by the relevant Sub-Fund which will make it impracticable to realise the underlying securities in order to fund the redemption payments. In making redemption payments in specie or in kind, the Manager will use the same valuation procedures used in determining the Net Asset Value of the Sub-Fund (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on page 23 below) when determining the value to be attributed to the relevant securities to be transferred or assigned or otherwise made available to the redeeming Unitholders. Redeeming Unitholders will receive securities of a value equal to the redemption payment to which they would otherwise be entitled. Redeeming Unitholders receiving the redemption payment in specie or in kind will be responsible for all custody and other costs involved in changing the ownership of the relevant securities from the Sub-Fund to the redeeming Unitholder and for all ongoing custody costs in respect of such securities.

#### **Restrictions on Redemption**

The Manager shall suspend the redemption of Units and/or may delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for further details see "Suspension of Calculation of Net Asset Value" on page 24 below).

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the latest available Net Asset Value of such Sub-Fund. In this event, the limitation will apply pro rata so that all Unitholders of the relevant class or classes wishing to redeem Units in that Sub-Fund on that Dealing Day will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

No Unitholder shall be entitled to realise only part of his holding of Units of any class of a Sub-Fund if

- (i) such redemption would result in his holding in that class of Sub-Fund after such redemption being less than HK\$10,000; or
- (ii) the amount of proceeds realised from that class of Sub-Fund is less than HK\$10,000,

and in respect of the BOCHK US Dollar Money Market Fund, BOCHK Global Equity Fund, BOCHK Asia Pacific Equity Fund, BOCHK Asia Pacific Property Fund, BOCHK Global Bond Fund, BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK Japan Equity Fund and BOCHK Asia Pacific Equity Income Fund, the equivalent amount in US dollars will be applied; in respect of the BOCHK Australia Income Fund, the equivalent amount in Australian dollars will be applied and in respect of the BOCHK Sterling Income Fund, the equivalent amount in GBP will be applied.

However, the Manager reserves the right to waive such minimum holding and redemption requirements of the Sub-Funds for any Unitholder.

Furthermore, Unitholders are not allowed to realise any Units prior to the date falling seven days after the Dealing Day on which such Unit was acquired by such Unitholders or if earlier, the date of receipt of payment in cleared funds for such Unit.

## **SWITCHING BETWEEN SUB-FUNDS**

Subject to the consent of the Manager, Unitholders will have the right (subject to any suspension in the determination of the Net Asset Value of any relevant Sub-Fund) to switch all or part of their Units of any class relating to a Sub-Fund into Units of the same class relating to another Sub-Fund by giving notice in writing or by facsimile to the Manager.

Switching requests in writing or by facsimile received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests received in writing or by facsimile after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Unitholders should note that in respect of applications to switch into Money Market Sub-Fund(s) from time to time established under the BOCHK Investment Funds, currently including BOCHK US Dollar Money Market Fund and BOCHK HK Dollar Money Market Fund, the relevant applications will not be processed unless the redemption proceeds of the Sub-Fund(s) switched out by the Unitholders that are used to subscribe to the Money Market Sub-Fund(s) in cleared funds are received.

The price at which the whole or any part of a holding of Units of a class relating to a Sub-Fund (the "**Current Class**") will be switched on any Dealing Day into Units of the same class relating to another Sub-Fund (the "**New Class**") will be determined by reference to the redemption price of the Current Class and issue price of the New Class on the relevant Dealing Day. Unless otherwise specified in the "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee – Switching Fee" on page 27, no initial charge or redemption charge will be levied.

In respect of switching of Class B Units, redemption of the Current Class will be effected on a "First In First Out" basis, i.e. the first Unit to be redeemed will be the Unit which was first subscribed.

The Manager is entitled to levy a switching fee which is expressed as a percentage of the issue price per Unit of the New Class to be issued. The switching fee will be deducted from the amount re-invested into the New Class of Units. The amount of switching fee is set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 26.

No switching will be allowed during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details, see "Suspension of Calculation of Net Asset Value" on page 24). Unitholders should also note that, unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding as set out in the section "Minimum Subscription and Subsequent Holding" on page 18 and the restrictions on redemption (including the minimum holding requirement after redemption and the minimum redemption amount) as set out in the section "Restrictions on Redemption" on page 22 shall also be applicable in the case of switching.

## CALCULATION OF NET ASSET VALUE AND ISSUE AND REDEMPTION PRICES

The Manager or the Trustee (as they may between them decide) will value each Sub-Fund and calculate the issue and redemption prices per Unit of each class in accordance with the Trust Deed as at close of business in the last relevant market to close on each Dealing Day. The Trust Deed provides (inter alia) that the value of the investments in the Sub-Funds shall be determined as follows:

- (i) except in the case of any interest in a collective investment scheme to which paragraph (ii) applies and subject as provided in paragraph (vi) below, the value of any investments quoted, listed, or normally dealt in on any market shall be calculated by reference to the last traded price on the relevant Dealing Day or (if no last traded price is available) midway between the latest available market dealing offered price and the latest available market dealing bid price on the principal market on which such investments is quoted, listed or ordinarily dealt in and in determining such prices the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as it may from time to time determine notwithstanding that the prices so used are not the last traded prices;
- (ii) subject as provided in paragraphs (iii) and (vi) below, the value of each unit, share or other interest in any collective investment scheme which is valued as at the same day as the relevant Sub-Fund shall be the Net Asset Value per unit or share in such collective investment scheme as at that day or, if the Manager so determines, or if such collective investment scheme is not valued as at the same day as the Sub-Fund, the value of such interest shall be the last available Net Asset Value per unit, share or other interest in such collective investment scheme;
- (iii) if no Net Asset Value, bid and offer prices or price quotations are available as provided in paragraph (ii) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine;
- (iv) the value of any investment which is not quoted, listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time with the approval of the Trustee and shall at such times or at such intervals as the Trustee may request, cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments;
- (v) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;
- (vi) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and
- (vii) the value of any investment (whether of a security or cash) otherwise than in the currency of the relevant Sub-Fund shall be converted into the currency of such Sub-Fund at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

With regard to the BOCHK China Golden Dragon Fund and BOCHK China Consumption Growth Fund, should the Manager be in any doubt as to the valuation of the ELIs provided by the issuer, the Manager may at its sole discretion appoint an independent third party to review the fairness of the valuation.

### **Calculation of Issue and Redemption Prices**

The number of undivided shares in a Sub-Fund represented by a Unit of a class relating to such Sub-Fund is adjusted on each Dealing Day in order to take account of the different levels of fees borne by the different classes of Unit in the relevant Sub-Fund.

The issue and redemption prices of Units of a class on a Dealing Day shall be determined by (i) calculating the Net Asset Value of the relevant Sub-Fund as at such Dealing Day before the deduction of any liabilities or the addition of any assets attributable specifically to the class in question; (ii) apportioning such amount between each class of Units relating to such Sub-Fund by reference to the numbers of undivided shares in the relevant Sub-Fund represented by all Units of each class relating to such Sub-Fund in issue; (iii) deducting or adding the liabilities and assets specifically attributable to the class of Units in question from or to such apportioned amount; (iv) dividing the resulting sum by the number of Units of the relevant class in issue immediately prior to the relevant Dealing Day for such class of Units; and (v) rounding the resulting sum to the 4th decimal place of the base currency of the relevant Sub-Fund (and in the case of 0.00005 of such minimum unit, rounded up).

Any rounding as a result of determining the issue price or redemption price shall be retained for or borne by the relevant Sub-Fund.

The Manager is entitled to an initial charge on the issue of Class A Units which will be retained by the Manager for its own use and benefit. The maximum initial charges that can be levied for the issue of Class A Units of each Sub-Fund are set out in the "Charges and Expenses" section on page 25 below. The Manager may waive or reduce the initial charge for any Unitholder as the Manager may consider appropriate.

No initial charge will be levied for the issue of Class B Units for any Sub-Funds.

The Manager is entitled to a redemption charge on the redemption of Class B Units which shall be retained by the Manager for its own use and benefit. The maximum redemption charges that can be levied for Class B Units of each Sub-Fund are set out in the "Charges and Expenses" section on page 25 below. The Manager may waive or reduce the redemption charge for any Unitholder as the Manager may consider appropriate.

### **Suspension of Calculation of Net Asset Value**

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of any Sub-Fund for the whole or any part of any period during which:

- (a) there is a closure or restriction or suspension of trading on any securities market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the price of Units; or
- (b) for any other reason the prices of investments of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of that Sub-Fund or it is not reasonably practicable to do so without seriously prejudicing the interests of Unitholders in such Sub-Fund; or
- (d) the remittance or repatriation of funds which will or may be involved in the redemption of, or in the payment for, the investments of that Sub-Fund or the subscription or redemption of Units is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the South China Morning Post, the Hong Kong Economic Journal, the Hong Kong Economic Times and/or any other newspapers which the Manager may from time to time determine and notify the Unitholders and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.

## **DISTRIBUTION POLICY**

Except for BOCHK Hong Kong Dollar Income Fund, BOCHK China Income Fund, BOCHK Hong Kong Income Fund, BOCHK Australia Income Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Sterling Income Fund, the Manager does not intend to make distributions in respect of any other Sub-Fund and any income earned by a Sub-Fund will be reinvested in that Sub-Fund and reflected in the value of Units of the relevant class of that Sub-Fund.

In respect of BOCHK Hong Kong Dollar Income Fund, BOCHK China Income Fund, BOCHK Hong Kong Income Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Sterling Income Fund, the Manager may in its discretion make distributions to Unitholders at 30 September and 31 March of each year as the Manager considers appropriate, having regard to the net income of the respective Sub-Fund and provided that there is distributable income for that period.

In respect of the BOCHK Australia Income Fund, the Manager may at its discretion make distributions to investors as at 31 March, 30 June, 30 September and 31 December each year as the Manager considers appropriate, having regard to the net income of the Sub-Fund and provided that there is distributable income for that period.

Depending on the net income of the respective relevant Sub-Funds, the amount of distributions (if any) may go up or go down. The Manager retains the absolute discretion to determine the frequency and dates for distributions.

## REGULAR SAVINGS PLAN

Investors who invest in Class A Units may elect to participate in the regular savings plan offered by the Manager. Under the regular savings plan, investors should make monthly contributions to his account on the 5th and/or 20th of each month and the amount of each such contribution shall not be less than HK\$1,000 (inclusive of any initial charge). No other currency will be accepted. Investors may also decide the period during which they want to participate in the plan in accordance with their own need and financial planning and there is no minimum participating period prescribed for the plan. No fees will be levied on the opening and closure of the regular savings plan account.

An investor does not need to be an existing unitholder in order to participate in the regular savings plan.

Contributions to the regular savings plan must be made through direct debit from such Hong Kong dollar account as may be designated by the Unitholder. If an investor decides to participate in the regular savings plan, he must submit an application to the Manager at least 21 days before the day on which the first contribution is proposed to be made and successfully arrange for the direct debit authorisation before the first contribution. Any application must be made in the format prescribed by the Manager. If the 5th or 20th of the month is not a Business Day, the direct debit will be effected on the Business Day which immediately follows. If, as a result of the default of the investor, the direct debit cannot be effected successfully on the 5th and/or 20th (as the case may be) of a month or the Business Day which immediately follows (in the event that the 5th or 20th of the month is not a Business Day), no subscription will be accepted for that month under the regular savings plan. Furthermore, if as a result of the default of the investor, the direct debit cannot be effected successfully for 2 consecutive months, the regular savings plan will be suspended and no further contributions will be accepted under the plan until the investor submits a request to the Manager to re-activate the plan and such request has been accepted by the Manager.

Contributions made under the regular savings plan will be invested in Class A Units of such Sub-Fund or Sub-Funds which the investors may from time to time decide provided that the investment in a Sub-Fund each time must not be less than HK\$1,000 (inclusive of any applicable initial charge). Units will be issued to the Unitholders as at the fifth Business Day after the day on which the direct debit is made.

Investors may switch their Class A Units of any Sub-Fund under the regular savings plan to the same class of Units in another Sub-Fund in accordance with the provisions set out in the "Switching Between Sub-Funds" section on page 22 and there is no limit in the number of switching allowed in a year. The Manager may also levy a switching fee upon switching of the Units. The amount of switching fee is set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 26.

Investors should note that unless the Manager agrees otherwise, a 14 days prior notice must be given to the Manager for cessation of contributions in the regular savings plan and a 21 days prior notice must be given to the Manager for any amendment made to the regular savings plan.

The regular savings plan is not available to investors who invest in Class B Units of the Sub-Funds. Currently, no Class B Units will be available for subscription by investors.

## CHARGES AND EXPENSES

### Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Funds. The current and the maximum management fee the Manager may levy shall be as follows:

		Rate of Management Fee (p.a.)	
		Class A Units	Class B Units
(i)	BOCHK Hong Kong Equity Fund	1%	1%
(ii)	BOCHK Global Equity Fund	1.5%	1.5%
(iii)	BOCHK Hong Kong Dollar Income Fund	0.5%	0.5%
(iv)	BOCHK US Dollar Money Market Fund	0.25%	0.25%
(v)	BOCHK HK Dollar Money Market Fund	0.25%	0.25%
(vi)	BOCHK Asia Pacific Equity Fund	1.5%	N/A
(vii)	BOCHK China Equity Fund	1.5%	N/A
(viii)	BOCHK Global Bond Fund	0.75%	N/A
(ix)	BOCHK Aggressive Growth Fund	1%	N/A
(x)	BOCHK Balanced Growth Fund	1%	N/A
(xi)	BOCHK Conservative Growth Fund	1%	N/A
(xii)	BOCHK China Income Fund	1%	N/A
(xiii)	BOCHK Hong Kong Income Fund	1%	N/A
(xiv)	BOCHK China Golden Dragon Fund	1.5%	N/A
(xv)	BOCHK Japan Equity Fund	1.5%	N/A
(xvi)	BOCHK Australia Income Fund	1%	N/A
(xvii)	BOCHK Asia Pacific Equity Income Fund	1.2%	N/A
(xviii)	BOCHK Asia Pacific Property Fund	1.5%	N/A
(xix)	BOCHK China Consumption Growth Fund	1.8%	N/A
(xx)	BOCHK Sterling Income Fund	1%	N/A

In addition, the Manager is entitled to receive a servicing fee for the Class B Units of each Sub-Fund (if applicable) calculated as a percentage of the Net Asset Value of such Class B Units. The servicing fee will be deducted from the assets of the Class B Units. The current and the maximum servicing fee the Manager may levy is 1% per annum of the Net Asset Value of the relevant Class B Units. No servicing fee will be levied for the Class A Units.

Both the management fee and servicing fee are calculated and accrues on each Dealing Day and are paid monthly in arrears.

The Manager may decrease the rate of management fee or servicing fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee or servicing fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than 3 months notice of such increase to affected Unitholders and the Trustee.

#### **Initial Charge, Redemption Charge and Switching Fee**

The Manager is also entitled to receive an initial charge and redemption charge on the issue and redemption of Units in each Sub-Fund and a switching fee in the switching of Units. The amount of such fees and charges are set out below:

<i>Applicable to Class A Units of each Sub-Fund</i>	Initial Charge For Initial Period and subsequent issue (expressed as a percentage of the issue price)
(i) BOCHK Hong Kong Equity Fund	5%
(ii) BOCHK Global Equity Fund	5%
(iii) BOCHK Hong Kong Dollar Income Fund	3%
(iv) BOCHK US Dollar Money Market Fund	0%
(v) BOCHK HK Dollar Money Market Fund	0%
(vi) BOCHK Asia Pacific Equity Fund	5%
(vii) BOCHK China Equity Fund	5%
(viii) BOCHK Global Bond Fund	3%
(ix) BOCHK Aggressive Growth Fund	5%
(x) BOCHK Balanced Growth Fund	5%
(xi) BOCHK Conservative Growth Fund	5%
(xii) BOCHK China Income Fund	5%
(xiii) BOCHK Hong Kong Income Fund	5%
(xiv) BOCHK China Golden Dragon Fund	5%
(xv) BOCHK Japan Equity Fund	5%
(xvi) BOCHK Australia Income Fund	5%
(xvii) BOCHK Asia Pacific Equity Income Fund	5%
(xviii) BOCHK Asia Pacific Property Fund	5%
(xix) BOCHK China Consumption Growth Fund	5%
(xx) BOCHK Sterling Income Fund	5%

No redemption charge will be levied for the redemption of the Class A Units of each Sub-Fund.

<i>Applicable to Class B Units of each Sub-Fund (if applicable)</i>	Redemption Charge (expressed as a percentage of the redemption price of the Class B Units as at the Dealing Day on which they are redeemed)
Redemption within the first year of issue	4%
Redemption within the second year of issue	3%
Redemption within the third year of issue	2%
Redemption within the fourth year of issue	1%
Redemption after the fourth year of issue	0%

	Switching Fee (expressed as a percentage of the issue price of the New Class of Units to be issued)	
	Class A	Class B
Switching of the same class of Units between Sub-Fund	1% (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund*)  Nil (For switching into Units of a Money Market Sub-Fund)	Nil

\* However, if Units are switched from a Money Market Sub-Fund, those Units of that Money Market Sub-Fund in relation to which no initial charge has ever been levied will be redeemed first and an initial charge (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching. The initial charge to be levied will be equal to that applicable to the New Class of Units to be issued. For this purpose, Units of a Money Market Fund in relation to which no initial charge has ever been levied means those Units of the Money Market Fund (i) which were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) which have not been previously switched from Units of a Sub-Fund which is not a Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

**In respect of BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund and BOCHK Conservative Growth Fund, since each of the three Sub-Funds will invest its assets in the other Sub-Funds within the BOCHK Investment Funds, only initial charges at these three Sub-Funds' level will be levied and all initial charges payable at the other Sub-Funds' level will be waived. Further, the management fees payable at the other Sub-Funds' level (which are directly attributable to the amount invested by the these three Sub-Funds) shall accordingly, be fully rebated in cash to the respective Sub-Fund of these three Sub-Funds.**

The Manager may share any fees it receives with distributors or agents procuring subscriptions to the Fund. The Manager and its associates may with the consent of the Trustee deal with any Sub-Fund, both as principal and agent, and, subject as provided below, may retain any benefit which they receive as a result.

**Restrictions on Certain Fees and Charges to be Imposed on BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund and BOCHK Conservative Growth Fund**

In respect of BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund and BOCHK Conservative Growth Fund, the following limitation on charges shall apply to ensure that there will be no double charging of fees and expenses by the Manager or its Connected Persons:

- (i) the Sub-Fund may not invest in any another collective investment scheme managed by the Manager or its Connected Person (including, for the avoidance of doubt, any other Sub-Funds of the BOCHK Investment Funds) unless all initial charges on the Sub-Fund's investment in such collective investment scheme are waived;
- (ii) the Sub-Fund may not invest in any another collective investment scheme managed by the Manager or its Connected Person (including, for the avoidance of doubt, any other Sub-Funds of the BOCHK Investment Funds) unless the management fees paid by such collective investment scheme which are directly attributable to the amount invested by the Sub-Fund in such collective investment scheme shall be fully rebated in cash to the Sub-Fund; and
- (iii) the Manager may not obtain any rebate on (a) any fees or charges levied by any of the collective investment schemes in which the Sub-Fund is invested, or (b) any fees or charges levied by the management company of such collective investment schemes.

The Trustee is entitled to receive the following fees in respect of the Fund. The current levels of the fees are set out below:

**Inception Fee**

The inception fee that may be paid to the Trustee for BOCHK Hong Kong Equity Fund, BOCHK Global Equity Fund, BOCHK Hong Kong Dollar Income Fund, BOCHK US Dollar Money Market Fund and BOCHK HK Dollar Money Market Fund is US\$10,000, the inception fee of the BOCHK China Consumption Growth Fund that may be paid to the Trustee is HK\$20,000 and the inception fee that may be paid for each of the other Sub-Funds that has been launched is US\$2,500 (save and except BOCHK Sterling Income Fund, which is GBP1,500). The Trustee may, at its sole discretion, waive part or all of the inception fee as it considers appropriate.



## Trustee Fee

In respect of trust administrative and fiduciary services provided by the Trustee for the Sub-Funds, the Trustee is entitled to receive a Trustee Fee of up to 1% per annum of its Net Asset Value in respect of each Sub-Fund. The current level of Trustee Fees for different Sub-Funds are as follows:

Sub-Funds applicable	Rate of Trustee Fee (p.a.)
(i) BOCHK Hong Kong Equity Fund BOCHK Hong Kong Dollar Income Fund BOCHK HK Dollar Money Market Fund BOCHK China Equity Fund BOCHK China Income Fund BOCHK Hong Kong Income Fund BOCHK China Golden Dragon Fund BOCHK China Consumption Growth Fund	0.125% on the first HK\$200 million of the Net Asset Value of each Sub-Fund; 0.10% on the next HK\$200 million of the Net Asset Value of each Sub-Fund; 0.0875% on the remaining balance of the Net Asset Value of each Sub-Fund; Subject to a minimum monthly fee of HK\$20,000 per Sub-Fund.
(ii) BOCHK US Dollar Money Market Fund BOCHK Global Equity Fund BOCHK Asia Pacific Equity Fund BOCHK Global Bond Fund BOCHK Japan Equity Fund BOCHK Asia Pacific Equity Income Fund BOCHK Asia Pacific Property Fund	0.125% on the first US\$25 million of the Net Asset Value of each Sub-Fund; 0.10% on the next US\$25 million of the Net Asset Value of each Sub-Fund; 0.0875% on the remaining balance of the Net Asset Value of each Sub-Fund; Subject to a minimum monthly fee of US\$2,500 per Sub-Fund.
(iii) BOCHK Aggressive Growth Fund BOCHK Balanced Growth Fund BOCHK Conservative Growth Fund	0.05% of the Net Asset Value of each of these three Sub-Funds, subject to a minimum monthly fee of US\$1,250 per month per Sub-Fund starting from the 7th month from the commencement date of the Sub-Funds. <b>Investors should therefore note that in investing in these three Sub-Funds, Trustee Fee will be payable for the Trustee's services at both the three Sub-Funds' level and the underlying Sub-Funds level.</b>
(iv) BOCHK Australia Income Fund	0.125% on the first AUD35 million of the Net Asset Value of the Sub-Fund; 0.10% on the next AUD35 million of the Net Asset Value of the Sub-Fund; 0.0875% on the remaining balance of the Net Asset Value of the Sub-Fund; Subject to a minimum monthly fee of the AUD15,000.
(v) BOCHK Sterling Income Fund	0.125% on the first GBP14 million of the Net Asset Value of the Sub-Fund; 0.10% per annum on the next GBP14 million of the Net Asset Value of the Sub-Fund; 0.0875% per annum on the remaining balance of the Net Asset Value of the Sub-Fund; Subject to a minimum monthly fee of GBP1,500.

The trustee fee will be deducted from the assets of the relevant Sub-Funds. In respect of each Sub-Fund, the Trustee may increase the rate of the trustee fee up to 1% per annum on giving not less than 3 months notice of such increase to the affected Unitholders and the Manager. The trustee fee is accrued daily, calculated on each Dealing Day and is paid monthly in arrears.

In addition, the Trustee is entitled to (i) transaction and processing fees in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Fund or Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination; and (iii) such other fees as may be permitted under the Trust Deed.



## **Other Charges and Expenses**

Each Sub-Fund will bear the costs and expenses set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, each Sub-Fund will bear such costs in proportion to its respective Net Asset Value or in such other manner as the Manager shall consider appropriate. Such costs include but are not limited to the costs incurred in the establishment, structuring, management and administration of the Fund and its Sub-Funds, the costs of investing and realising the investments of the Sub-Funds, the fees and expenses of custodians and sub-custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum, any audited accounts or interim reports which are sent to the Unitholders.

In addition, each Sub-Fund will bear a due proportion of the costs and expenses incurred by the Manager and the Trustee in establishing the Fund. The costs and expenses incurred in respect of the establishment of the Sub-Funds currently established under the Fund have been fully amortised over the first accounting period of the Sub-Funds after consultation with the auditors.

In respect of Sub-Fund(s) that may invest in REITs, the REITs may incur fees payable such as property management and lease management fees, acquisition fees, divestment fees and commission.

In the event that any Sub-Fund is terminated prior to the expiry of the amortisation period, the balance of unamortised expenses will be apportioned amongst the other remaining Sub-Funds on equal basis unless the Trustee and the Manager agree otherwise after consultation with the auditors of the Fund.

Subsequent accounting periods of the Sub-Funds are from 1 April of each year to 31 March of the next following year.

In addition to the above, Unitholders may be required to pay any requisite governmental tax, stamp duty, registration fee, custody and nominee charges as may be required in the purchase or sale of the Units under the Fund.

## **Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions**

The Manager and the Trustee or their connected persons may, from time to time, act as manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any collective investment schemes separate and distinct from the Fund and any Sub-Fund, including those that have similar investment objectives to those of the Sub-Funds, or contract with or enter into financial, banking or other transaction with one another or with any investor of a Sub-Fund, or any company or body any of whose shares or securities form part of a Sub-Fund or may be interested in any such contract or transaction and shall not be liable to account to the Fund or any Sub-Fund or any investor of the Fund or any Sub-Fund for any profit or benefit made or derived thereby or in connection therewith. It is, therefore, possible that any of the Manager, the Trustee or their connected persons may, in the course of business, have potential conflicts of interest with any Sub-Fund.

Each of the Manager, the Trustee or their connected persons will, at all times, have regard in such event to its obligations to the Sub-Funds and the investors and will endeavour to ensure that such conflicts are resolved fairly.

The Manager has an established policy in relation to the identification and monitoring of potential conflicts of interest scenarios. There are functional separation of different areas of operations to control the flow of information that may be confidential and/or price sensitive. Computer and information system with appropriate access controls have been put in place by the Manager. Key duties and functions are segregated among different departments. The Manager has adopted trading policies which are designed to ensure the fair allocation of investment opportunities among funds, investment vehicles or accounts that the Manager manages or advises. A designated risk management and portfolio control team and compliance team of the Manager will monitor the implementation of such trading policies and dealing procedures with overall monitoring by the senior management of the Manager.

The Trustee will keep and maintain proper books of accounts, records and documents for each fund or scheme under their trusteeship and segregate the assets of different funds or schemes. The Trustee will keep data and information in relation to the portfolio of each fund/scheme confidential.

The Manager, the Trustee or their connected persons shall act in a reasonable and prudent manner when handling any potential conflict of interest situation and take into account the interest of Unitholders and clients.

All transactions carried out by or on behalf of each Sub-Fund will be at arm's length in compliance with applicable laws and regulations. Any transactions between any Sub-Fund and the Manager or any of its connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions shall be disclosed in the relevant Sub-Fund's annual report.

The brokerage and other agency transactions for the account of the Sub-Funds may be executed through brokers or dealers connected to the Manager or connected persons of the Manager. However, for so long as a Sub-Fund is authorized by the SFC, the Manager shall ensure that it complies with the following requirements when transacting with brokers or dealers connected to the Manager or connected persons of the Manager, save to the extent permitted under the UTMF Code or any waiver obtained from the SFC:

- (a) such transactions are on arm's length terms;
- (b) the Manager has used due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) the transaction execution is consistent with the best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction shall not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

- (e) the Manager shall monitor such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer will be disclosed in the relevant Sub-Fund's annual report.

Neither the Manager nor any of its connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them.

The Manager and any of its connected persons may effect transactions by or through the agency of another person with whom the Manager or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication. The Manager shall procure that no such contractual arrangements are entered into unless:

- (a) the nature of which is such that their provision are of demonstrable benefit to the Fund;
- (b) the transaction execution is consistent with best execution standards; and
- (c) brokerage rates are not in excess of customary institutional full-service brokerage rates.

No direct payment may be made to the Manager or any of its connected persons who undertake to place business with that party.

For the avoidance of doubt such goods and services do not include travel accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be reported regularly to the Trustee and will be disclosed in the Fund's annual report.

## TAXATION

*The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong at the date of this document.*

### **Hong Kong**

The Fund is not expected to be subject to Hong Kong tax in respect of any of its authorised activities.

No tax will be payable by Unitholders in Hong Kong in respect of income distributions of the Fund or in respect of any capital gains arising on a sale, redemption or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

### **General**

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realising, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

## GENERAL INFORMATION

### **Accounts and Reports**

The Fund's year end is 31 March in each year. Audited accounts are sent to Unitholders by the Trustee within four months of the end of each financial year. The Trustee also sends half-yearly unaudited interim reports up to the last Dealing Day in September in each year to Unitholders within two months of the end of the period which they cover. Such reports will contain a statement of the value of the net assets of each Sub-Fund and the investments comprising its portfolio and will be published in both English and Chinese.

### **Publication of Net Asset Value per Unit**

The Net Asset Value per unit for each class of the Sub-Funds on each Dealing Day will be available on the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)) and published in the South China Morning Post, the Hong Kong Economic Journal, the Hong Kong Economic Times and/or any other newspapers which the Manager may from time to time determine and notify the Unitholders. The prices will be expressed exclusive of any initial charge or redemption charge which may be payable on subscription or redemption.

### **Investment Restrictions**

Each of these Sub-Funds is subject to the investment restrictions as set out in "Investment and Borrowing Restrictions" on page 14.

If any of the investment or borrowing restrictions applicable to a Sub-Fund are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of a Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the Sub-Fund or redemptions of Units but for so long as such limits are exceeded, the Manager shall not acquire any further investments which would result in such limit being further breached.

## **Removal and Retirement of the Trustee, the Manager and the Sponsor**

### **(a) The Trustee**

Subject to the prior approval of the SFC,

- (i) the Trustee may retire voluntarily if a new trustee has been appointed by the Manager with the prior approval of the Sponsor (which approval shall not be unreasonably withheld) and adequate arrangements have been made for the new trustee to assume the responsibility for administration of the Fund and for the Trustee's interest in the Fund to be transferred to the new trustee;
- (ii) the Manager may with the prior approval of the Sponsor remove the Trustee by giving not less than 90 days prior notice in writing to the Trustee and appoint any other qualified company to act as the trustee of the Fund; and
- (iii) the Sponsor may remove the Trustee by giving at least 90 days prior written notice to the Trustee that it wishes the Trustee to retire in favour of a new trustee.

### **(b) The Manager**

Subject to the prior approval of the SFC, the Sponsor may remove the Manager by giving at least 90 days prior written notice to the Manager that it wishes the Manager to retire in favour of a new manager. Furthermore, the Manager may be subject to removal by the Trustee if:

- (i) the Manager commences liquidation or has gone into receivership or has entered into any scheme of arrangement or compromise with its creditors; or
- (ii) for good and sufficient reason, the Trustee states in writing that a change of the Manager is desirable in the interest of the Unitholders; or
- (iii) the Unitholders representing at least 50% in value of the Units outstanding (excluding those held or deemed to be held by the Manager) delivered to the Trustee a written request to dismiss the Manager.

If the authorisation of the Manager to act as investment manager of the Fund is withdrawn by the SFC, the Manager's appointment under the Fund shall be terminated as at the date on which the SFC's withdrawal becomes effective.

Apart from the above, the Manager may also retire voluntarily in favour of some other qualified company approved by the Trustee and the Sponsor.

### **(c) The Sponsor**

The Sponsor shall also have the power to retire voluntarily in favour of some other company approved by the Trustee and the Manager.

## **Termination of the Fund**

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below:

1. The Sponsor may terminate the Fund if:
  - (a) the Manager goes into liquidation or if a receiver is appointed over any of the Manager's assets and not discharged within 60 days; or
  - (b) the Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong; or
  - (c) any law is passed which renders it illegal or in the opinion of the Trustee or the Sponsor impracticable or inadvisable to continue the Fund; or
  - (d) the Manager ceases to manage the Fund and the Trustee fails to appoint a successor manager; or
  - (e) the Trustee has notified the Manager of its desire to retire as trustee of the Fund and the Manager fails to appoint a successor trustee.
2. Subject to the prior approval of the SFC, the Manager or the Sponsor may terminate the Fund if:
  - (a) at any time one year after the establishment of the Fund the Net Asset Value of the Fund falls below an amount which is equivalent to HK\$200,000,000; or
  - (b) the Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law is passed which renders it illegal or in the opinion of the Manager or the Sponsor (as the case may be) impracticable or inadvisable to continue the Fund.

Notice will be given to Unitholders if the Fund is terminated under the above circumstances. Such notice will be submitted to the SFC for prior approval and will contain the reasons for the termination, alternatives available to Unitholders and the expected costs involved.

## **Termination of a Sub-Fund**

Subject to the prior approval of the SFC,

1. the Manager or the Sponsor may terminate any Sub-Fund if:
  - (a) at any time one year after the establishment of the Sub-Fund the Net Asset Value of that Sub-Fund falls below HK\$40,000,000 or its equivalent in US dollars for the BOCHK US Dollar Money Market Fund and BOCHK Global Equity Fund, BOCHK Asia Pacific Equity Fund, BOCHK Global Bond Fund, BOCHK Aggressive Growth Fund, BOCHK Balanced Growth Fund, BOCHK Conservative Growth Fund, BOCHK Japan Equity Fund, BOCHK Asia Pacific Equity Income Fund and BOCHK Asia Pacific Property Fund; or its equivalent in Australian dollars for the BOCHK Australia Income Fund; or its equivalent in GBP for the BOCHK Sterling Income Fund;
  - (b) the Sub-Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law is passed which renders it illegal or in the opinion of the Manager or the Sponsor (as the case may be) impracticable or inadvisable to continue the Sub-Fund; and
2. unitholders of the relevant class or classes may at any time terminate a Sub-Fund by extraordinary resolution.

## **Trust Deed**

The Fund was established under Hong Kong law by a trust deed dated 28th June 2002, as amended, modified or supplemented from time to time. All holders of Units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the Sponsor, the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed. In the event of any conflict between any of the provisions of this Explanatory Memorandum and the Trust Deed, the provisions of the Trust Deed prevail.

## **Modification of Trust Deed**

Subject to the prior approval of the SFC and the Sponsor, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs of preparing and executing the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Fund; or (ii) is necessary or desirable in order to comply with any fiscal, statutory or official requirement; or (iii) is made to correct a manifest error.

In all other cases modifications require the sanction of an extraordinary resolution of the Unitholders affected.

## **Meetings of Unitholders**

The Trust Deed provides for meetings of Unitholders to be convened by the Trustee or the Manager upon at least 21 days' notice. Notices of meetings of Unitholders will be posted to Unitholders.

Proxies may be appointed. The quorum at Unitholders' meetings is Unitholders present in person or by proxy holding not less than 10 per cent (or, in relation to a resolution proposed as an extraordinary resolution, 25 per cent) of the Units in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting Unitholders whatever their number or the number of Units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75 per cent of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding different classes of Units where only the interests of Unitholders of a particular class are affected.

The Trust Deed provides that at any meeting of Unitholders, on a show of hands, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorised representative shall have one vote and, on a poll, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

## **Transfer of Units**

Subject as provided below, Units may be transferred by an instrument in writing in a form approved by the Trustee, signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the Register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding of the relevant class.

## **Documents Available for Inspection**

Copies of the Trust Deed and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager, 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

(i) This Explanatory Memorandum and any subsequent supplements to this Explanatory Memorandum; (ii) the latest annual and semi-annual reports of the Fund; and (iii) other fund information are also available on the Manager's website ([www.boci-pru.com.hk](http://www.boci-pru.com.hk)).

### **Enquiries and Complaints**

Unitholders wishing to make an enquiry or a complaint about any Sub-Fund(s) should contact the Manager, BOCI-Prudential Asset Management Limited, at 27th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong or call the Manager's Investment Fund Services Hotline at (852) 2280 8615. Customer services officers of the Manager shall address any enquiry or complaint by verbal or written form depending on the nature of enquiry or complaint received about the relevant Sub-Fund received as soon as reasonably practicable.

### **Anti-Money Laundering Regulations**

As part of the Trustee's and the Manager's responsibility for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:

- (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (ii) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations.

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

