

# PRODUCT KEY FACTS

## CIFM China Multi-Assets Fund

Issuer: China International Fund Management Co., Ltd.

September 2020

*This is a Mainland fund authorized for public offering in Hong Kong pursuant to Mainland-Hong Kong Mutual Recognition of Funds arrangement.*

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

### Quick facts

<b>Fund Manager:</b>	China International Fund Management Co., Ltd.
<b>Custodian:</b>	China Construction Bank Corporation
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class H: 1.77%
<b>Dealing frequency:</b>	Each Hong Kong Dealing Day – i.e. a normal trading day of Shanghai Stock Exchange and Shenzhen Stock Exchange on which banks in Hong Kong are also open for normal banking business
<b>Base currency:</b>	RMB
<b>Dividend policy:</b>	Class H: Dividend, if declared, will be paid not more than 12 times in a calendar year at such times at the discretion of the Fund Manager. Distributions may be paid out of accrued net distributable income carried over from the previous financial year(s), which amounts to distributions out of capital under Hong Kong regulatory disclosure requirements.
<b>Financial year end of this fund:</b>	31 December
<b>Minimum investment:</b>	Class H: RMB100 (minimum initial investment); RMB100 (minimum subsequent investment)

<sup>#</sup> The Ongoing charges figure is based on the expenses for the period from 1 January 2019 to 31 December 2019. The figure may vary from year to year.

### What is this product?

CIFM China Multi-Assets Fund (the “**Fund**”) is a fund constituted under the laws of the Mainland China and its home regulator is the China Securities Regulatory Commission.

### Objectives and Investment Strategy

#### Objectives

The Fund aims to create stable returns for investors by seeking stable income from dividends and coupon payments by focusing its investments in a variety of high dividend and/or high coupon rate securities as well as capturing capital growth opportunities with a view to attaining total return.

#### Strategy

The investment scope of the Fund includes financial instruments with good liquidity, including stocks which are issued and listed in China (including Small and Medium Enterprise (“**SME**”) board, ChiNext market and the Science and Technology Innovation Board (“**STAR Board**”) stocks and other listed stocks approved by CSRC), bonds issued by Mainland Chinese issuers, and other financial instruments which are permitted for fund investment by relevant laws and regulations or the CSRC.

The Fund's portfolio allocation under normal market circumstances is as follows:

Stocks	20% - 75% of the fund assets
Bonds (including asset-backed securities and urban investment bonds)	20% - 75% of the fund assets
Warrants investment	0% - 3% of the Net Asset Value (NAV) of the Fund
Cash or government bonds with a maturity less than 1 year	not less than 5% of NAV of the Fund

Not less than 80% the Fund's non-cash fund assets shall be invested in a variety of securities with high dividend payment and/or high coupon rate.

In light of the current stage of development of the stock market in China and the lack of effective hedging instruments, the Fund Manager will retain the discretion to allocate up to 95% of the Fund's investments in bonds and to allocate as little as 0% of the Fund's investments in equities in extreme market conditions.

Should the relevant laws or regulator(s) permit other types of financial instruments to be invested in by funds, subject to the Fund Manager completing appropriate procedures, such financial instruments may be including in the Fund's investment scope.

The Fund currently only invests in debt securities rated BBB- or above by a Mainland Chinese credit rating agency at the time the investments were made. Where the credit ratings of the relevant debt securities are downgraded to below BBB-, the Fund Manager will, having regard to the interests of the investors, seek to dispose of all such downgraded debt securities in a gradual and orderly manner in light of the then prevailing market conditions.

The Fund does not currently intend to engage in securities lending, but provided that the minimum investment requirements for meeting the Fund's investment objectives and strategy and other applicable regulatory requirements are complied with, the Fund may enter into repurchase and reverse repurchase transactions for up to 40% of the Fund's NAV on both the exchange market and in the interbank market. The total extent of leverage of the Fund will not exceed 40% of the Fund's Net Asset Value and will be by way of repurchase transactions only.

The Fund will use financial derivative instruments for hedging purposes only. Should this intention change in the future, prior regulatory approval will be sought and at least 1 month's prior notice will be given to investors.

For details relating to the investment objectives and strategy of the Fund, please refer to the section headed "VIII. Investments of the Fund" of the Prospectus.

## Use of derivatives / investment in derivatives

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

## What are the key risks?

**Investment involves risks and there is no guarantee of the repayment of principal. Please refer to the offering document for details including the risk factors.**

### 1. Investment risk

- The Fund is an investment fund. There is no guarantee of the repayment of principal. There is also no guarantee of dividend or distribution payments during the period investors hold the Units of the Fund. Further, there is no guarantee that the Fund will be able to achieve its investment objectives and there can be no assurance that the stated strategies can be successfully implemented. Investors may lose entire amount originally invested under extreme circumstances.
- Asset Allocation. The performance of Fund's asset allocation may deviate from the optimal level of performance due to varying degree of impact from economic cycles, market environment, corporate governance and system structuring, resulting in risks relating to portfolio performance.

### 2. Risks associated with the MRF arrangement

- *Quota restrictions*: The Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme is subject to an overall quota restriction. Subscription of units in the Fund may be suspended at any time if such quota is used up.
- *Failure to meet eligibility requirements*: If the Fund ceases to meet any of the eligibility requirements under the MRF, it may not be allowed to accept new subscriptions. In the worst scenario, the SFC may even withdraw its authorization for the Fund to be publicly offered in Hong Kong for breach of eligibility requirements. There is no assurance that the Fund can satisfy these requirements on a continuous basis.

- *Mainland China tax risk:* Currently, certain tax concessions and exemptions are available to the Fund and/or its investors under the MRF regime. There is no assurance that such concessions and exemptions or Mainland China tax laws and regulations will not change. Any change to the existing concessions and exemptions as well as the relevant laws and regulations may adversely affect the Fund and/or its investors and they may suffer substantial losses as a result.
- *Different market practices:* Market practices in the Mainland and Hong Kong may be different. In addition, operational arrangements of the Fund and other public funds offered in Hong Kong may be different in certain ways. For example, subscriptions or redemption of units of the Fund may only be processed on a day when both Mainland and Hong Kong markets are open, or it may have different cut-off times or dealing day arrangements versus other SFC-authorized funds. Investors should ensure that they understand these differences and their implications.

### 3. Concentration risk / Mainland China market risk

- The Fund invests primarily in securities related to the Mainland China market and may be subject to additional concentration risk. Investing in the Mainland China market may give rise to different risks including political, policy, tax, economic, foreign exchange, legal, regulatory and liquidity risks.

### 4. RMB currency and conversion risks

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
- Investors may not receive RMB upon redemption of investments and/or dividend payment or such payment may be delayed due to the exchange controls and restrictions applicable to RMB.
- The Fund and Class H Units are both denominated in Chinese Yuan (CNY). For investors who need to convert into RMB before subscribing the Class H Units, the exchange rate for the offshore RMB market in Hong Kong (i.e. the CNH exchange rate) may be at a premium or discount to the CNY rate (i.e. the exchange rate for the onshore RMB market in the Mainland China).

### 5. Mainland China equity risk

- *Market risk:* The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- *Volatility risk:* High market volatility and potential settlement difficulties in the Mainland China equity markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.
- *Policy risk:* Securities exchanges in Mainland typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.
- *Risk associated with small-capitalisation/mid-capitalisation companies:* The stock of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- *High valuation risk:* There is a risk that the stocks listed on the Mainland China stock exchanges, in particular the ChiNext, SME board and STAR Board stocks, may have a higher price-earnings ratio. The high valuation may not be sustainable and stock prices may fall drastically.
- *Liquidity risk:* Securities markets in Mainland China may be less liquid than other developed markets. Mainland China equities are subject to the risks of government intervention such as suspension of trading and trading band limits. This may result in the fluctuation in the prices and illiquidity of Mainland China equities. The Fund may suffer substantial losses if it is not able to dispose of its investment in Mainland China equities at a time it desires.

### 6. Mainland debt securities

- *Volatility and liquidity risks:* The Mainland China debt securities markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations.
- *Counterparty risk:* The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.
- *Interest rate risk:* Investment in the Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

- *Downgrading risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Fund Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Credit rating agency risk:* The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *Risk associated with urban investment bonds:* The Fund may invest in urban investment bonds. Urban investment bonds are issued by local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Fund could suffer substantial loss and the Net Asset Value of the Fund could be adversely affected.
- *Risk associated with asset-backed securities:* The Fund may invest in asset-backed securities (including asset-backed commercial papers) which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

### **7. Distribution out of capital risk**

- The payment of distributions out of accrued net distributable income carried over from the previous financial year(s) amounts to distributions out of capital under Hong Kong regulatory disclosure requirements. Investors should note that the payment of distributions out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any distributions involving payment of dividends out of capital of the class will result in an immediate decrease in the NAV per unit of the relevant units.

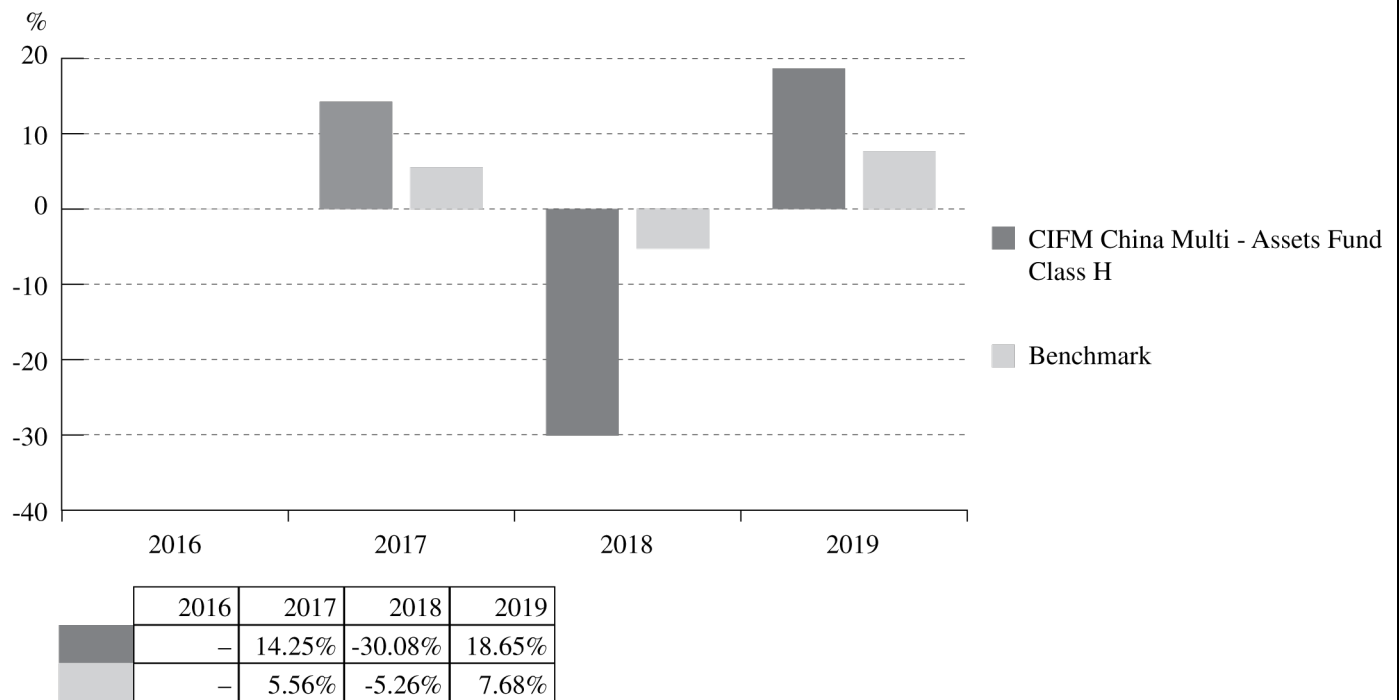
### **8. Risks relating to repurchase/reverse repurchase transactions**

- The Fund Manager may enter into repurchase transactions for the account of the Fund. The Fund may suffer substantial loss as there may be delay and difficulties in recovering collateral placed with the counterparty or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate and inadequate valuation of the collateral and market movements upon default of the counterparty.
- The Fund Manager may also enter into reverse repurchase transactions for the account of the Fund. The collateral placed under the reverse repurchase transactions in the interbank market may not be marked to market. Besides, the Fund may suffer substantial loss when engaging in reverse repurchase transactions as there may be delay and difficulties in recovering the cash placed out or realizing the collateral, or proceeds from the sale of collateral may be less than the cash placed with the counterparty due to inaccurate and inadequate valuation of the collateral and market movements upon default of the counterparty.

### **9. Risks associated with the Small and Medium Enterprise (SME) board, ChiNext market and/or the Science and Technology Innovation Board (STAR Board)**

- *Higher fluctuation on stock prices and liquidity risk:* Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk:* Stocks listed on SME board, ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- *Differences in regulation:* The rules and regulations regarding companies listed on the ChiNext market and/or STAR Board are less stringent in terms of profitability and share capital than those in the main board and SME board.
- *Delisting risk:* It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Fund if the companies that it invests in are delisted.
- *Concentration risk:* STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Fund to higher concentration risk.
- Investments in the SME board, the ChiNext market and/or STAR Board may result in significant losses for the Fund and its investors.

## How has the Fund performed?



- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class H Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Benchmark: China Securities Dividend Index Yield × 45% + China Bond General Index Yield × 55%
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2006
- Class H launch date: 2016
- Class H is a class open for investment by Hong Kong retail investors and denominated in the Fund’s base currency.
- Past performance is not indicative of future performance. Investors may not get back the full amount invested.

## Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

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

Fees	What you pay
<b>Subscription fee</b>	Up to 5% of the total subscription proceeds
<b>Switching fee</b>	Not applicable
<b>Redemption fee</b>	Up to 0.5%; currently 0.13% of the total redemption proceeds

### Ongoing fees payable by the Fund

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

Fees	Annual rate (as a % of the net asset value of the Fund)
<b>Management fee</b>	1.5%
<b>Custodian fee</b>	0.25%
<b>Performance fee</b>	Not applicable
<b>Administration fee</b>	Not applicable

### Other fees

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

## Additional Information

- Units are generally bought and redeemed at the Fund's next-determined NAV after the Hong Kong Representative or authorised distributors receive your request in good order on or before 3 p.m. (Hong Kong time) being the dealing cut-off time. Certain authorised distributors may impose different earlier dealing deadlines for receiving requests from investors. Investors should check with the relevant authorised distributors.
- Subscription and redemption applications received after such time will be dealt with on the immediately following Hong Kong Dealing Day. There may also be changes to the dealing and cut-off time arrangements as a result of market events. Investors should inquire with the Hong Kong Representative or their authorised distributors for the related dealing and cut-off time arrangements.
- The NAV of the Fund is calculated and the price of units published each Hong Kong Dealing Day. They are available online at [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk) (the website has not been reviewed by the SFC).
- The composition of the distributions in respect of the Class H Units (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Hong Kong Representative on request and also at [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk) (the website has not been reviewed by the SFC).
- Investors should visit [www.jpmorganam.com.hk](http://www.jpmorganam.com.hk) (the website has not been reviewed by the SFC) for the latest notices relating to the Fund.

## 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.