PRODUCT KEY FACTS

China Universal International Series – CUAM China-Hong Kong Strategy Fund

June 2020

CHINA UNIVERSAL ASSET MANAGEMENT (HONG KONG) COMPANY LIMITED

- ***This statement provides you with key information about CUAM China-Hong Kong Strategy Fund (the "Sub-Fund").***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of China Universal International Series.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager:	China Universal Asset Management (Hong Kong) Company Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Ongoing charges over a year[#]:	Class A HKD Units - 1.43% Class A RMB Units - 1.44% Class A USD Units - 1.43% Class I HKD Units - 0.94%
Dealing frequency:	Daily (Hong Kong business day)
Base currency:	HKD
Dividend policy:	No dividend distribution
Financial year end of the Sub-Fund:	31 December
Minimum investment:	Class A HKD Units - HKD 10,000 initial, HKD 1,000 additional Class A RMB Units - RMB 10,000 initial, RMB 1,000 additional Class A USD Units - USD 1,000 initial, USD 1,000 additional Class I HKD Units - HKD 3,000,000 initial, HKD 500,000 additional Class I RMB Units - RMB 3,000,000 initial, RMB 500,000 additional Class I USD Units - USD 300,000 initial, USD 50,000 additional
Minimum holding:	Class A HKD Units - Units with aggregate minimum value of HKD 10,000 Class A RMB Units - Units with aggregate minimum value of RMB 10,000 Class A USD Units - Units with aggregate minimum value of USD 1,000 Class I HKD Units - Units with aggregate minimum value of HKD 1,000,000 Class I RMB Units - Units with aggregate minimum value of RMB 1,000,000 Class I USD Units - Units with aggregate minimum value of USD 100,000

Minimum realisation: Class A HKD Units - Units with aggregate minimum value of HKD 1,000
Class A RMB Units - Units with aggregate minimum value of RMB 1,000
Class A USD Units - Units with aggregate minimum value of USD 1,000
Class I HKD Units - Units with aggregate minimum value of HKD 100,000
Class I RMB Units - Units with aggregate minimum value of RMB 100,000
Class I USD Units - Units with aggregate minimum value of USD 10,000

The ongoing charges figure is based on expenses for the year ended 31 December 2019 expressed as a percentage of the Sub-Fund's average net asset value of the same period. This figure may vary from year to year.

What is this product?

- CUAM China-Hong Kong Strategy Fund is a sub-fund of China Universal International Series which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 29 December 2011. It is governed by the laws of Hong Kong.

Objective and Investment Policy

Objective

CUAM China-Hong Kong Strategy Fund seeks to achieve medium to long-term capital growth through investing primarily in securities of companies which are established in Greater China or having their income, revenue, assets, economic activities, business or operations associated with Greater China.

Policy

At least 70% of the Sub-Fund's net asset value will be invested in a portfolio of (a) equity securities (including but not limited to ordinary shares, preferred shares, American Depositary Receipts, Global Depositary Receipts) of companies which are established in mainland China or Hong Kong or having their income, revenue, assets, economic activities, business or operations associated with mainland China and/or Hong Kong ("**China-Hong Kong Companies**"); and (b) debt securities instruments (including but not limited to long-term bonds, medium-term notes, bills and convertible bonds) issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong. The Sub-Fund will not focus its investment in any specific industries or sectors although the allocation in certain industry or sector may be relatively significant, depending on the Manager's assessment at different times.

The Sub-Fund may invest:

- Up to 100% of the Sub-Fund's net asset value in equity securities of China-Hong Kong Companies, including securities issued within Mainland China, such as China A-Shares, which may be invested through various means, including the RQFII status of the Manager, the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect (collectively the "**Stock Connects**") or such other means as may be permitted under applicable laws and regulations from time to time;
- Not more than 30% of the Sub-Fund's net asset value in debt securities instruments issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong, including less than 30% of the Sub-Fund's net asset value in debt securities issued within Mainland China.

For the avoidance of doubt, investment using the RQFII status of the Manager (as RQFII holder) will be less than 30% of the Sub-Fund's net asset value.

In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its net asset value in (1) equity securities of non-China-Hong Kong Companies, (2) debt securities instruments issued by non-China-Hong Kong Companies, and governments, government agencies and supra-national issuers outside-mainland China or Hong Kong, and (3) collective investment schemes, subject to the investment and borrowing restrictions in the Explanatory Memorandum and Chapter 7 of the Code on Unit Trusts and Mutual Funds.

Indicative Asset Allocation

The following is an indication of the asset allocation of the Sub-Fund:

Asset Type	Indicative Percentage of the Sub-Fund's net asset value
Equity securities	40-100%
Debt securities instruments	<60%
Collective investment schemes, cash and cash equivalents	<30%

The Sub-Fund may invest less than 60% of its net asset value in debt securities instruments which are below investment grade or unrated. The Sub-Fund does not have requirement on the minimum credit rating of the debt securities instruments it may hold. "Investment grade" means a rating of BBB- or above from Standard & Poor's and Fitch, Baa3 or above from Moody's or an equivalent rating from any internationally recognized credit rating agency, or AA+ or above as rated by PRC local rating agencies. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the credit rating of the issuer of the security. "Unrated debt securities" means a debt security which neither the security itself nor its issuer has a credit rating. The Sub-Fund does not have any limitation on the maturity of the debt securities instruments. The debt securities instruments the Sub-Fund will invest in are traded in the global debt securities markets such as but not limited to Hong Kong, US and China.

The Sub-Fund may invest not more than 30% of its net asset value in convertible bonds.

The Sub-Fund may invest less than 30% of its net asset value in debt instruments with loss-absorption features (i.e. debt instruments issued by a holding company of a financial institution with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level). These include contingent convertible bonds, non-preferred senior debt instruments and Additional Tier 1 and Tier 2 capital instruments.

The Sub-Fund will not invest more than 10% of its net asset value in debt securities issued by and/or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade. Also, the Sub-Fund will not invest in collateralised and/or securitised products such as asset backed securities and mortgage backed securities (including asset backed commercial papers).

The Sub-Fund may hold less than 30% of its net asset value in cash and cash equivalents, which may include cash, deposits and money market instruments for liquidity and cash management purposes. The Sub-Fund may hold temporarily up to 100% of its net asset value in cash or cash equivalents under exceptional circumstances, such as (i) market crash, or major crisis, (ii) attempts to mitigate the risk of potential sharp reversals and fall in the equity or bond markets, (iii) attempts to mitigate downside risks during uncertainties or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund will invest in financial derivative instruments (by engaging in foreign currency transactions, including but not limited to currency forward contracts) for hedging purposes only.

The Sub-Fund will not engage in securities lending transactions or repurchase and reverse repurchase transactions or similar over-the-counter transaction.

The asset allocation of the Sub-Fund may change taking into account different factors including but not limited to the Manager's views of fundamental economic and market conditions and investment trends across the globe, liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its net asset value.

What are the key risks?

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

1. **Investment risk**
    - The instruments invested by the Sub-Fund may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of repayment of principal.
2. **Currency risk**
    - The Sub-Fund may invest in part in assets quoted in currencies other than its base currency. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The performance and the net asset value of the Sub-Fund will therefore be affected unfavourably by movements in the exchange rates between these currencies and the base currency of the Sub-Fund and by changes in exchange rate controls.
3. **Equity market risk**
    - The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

4. Concentration risk

- The investments of the Sub-Fund are concentrated in Greater China or specific sectors. The value of the Sub-Fund is likely to be more volatile than a broad-based fund. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Greater China.

5. China market risk

- China is considered as an emerging market which may involve increased risks and special considerations not typically associated with investment in more developed markets and investing in China may subject the Sub-Fund to higher legal, taxation, settlement, custody, economic, political, foreign exchange and currency control, social and regulatory risks. Investments in China may also be less liquid and more volatile.

6. Emerging market risk

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

7. Risk associated with high volatility of the equity market in Mainland China

- High market volatility and potential settlement difficulties in the 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 Sub-Fund.

8. Risk associated with exchanges requirements of the equity market in Mainland China

- Securities exchanges in Mainland China 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 Sub-Fund.

9. Risks relating to debt securities

Interest rates risk

- The Sub-Fund's investment in debt securities is subject to interest rate risk. Generally, the prices of debt securities fall when interest rates rise, and vice versa.

Credit risk of issuers or counterparties

- The Sub-Fund is exposed to the credit/insolvency/default risk of issuers of the debt securities it invests in.

Risk relating to credit rating

- Credit ratings assigned by rating agencies are subject to limitations and are not absolute standards of credit quality and do not evaluate market risks and do not guarantee the creditworthiness of the security and/or issuer at all times.

Risk relating to Mainland credit rating agencies

- The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

Downgrading risk

- Investment grade securities or the credit rating of the issuer may be subject to the risk of being downgraded to below investment grade or unrated. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

Below investment grade and/or unrated debt securities risk

- The Sub-Fund may invest less than 60% of its net asset value in debt securities which are below investment grade or which are unrated. Such securities would generally be considered to have lower liquidity, a higher degree of counterparty risk, credit risk, higher volatility risk and greater risk of loss of principal and interest than higher rated, lower yielding securities.

Sovereign debt risk

- The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Liquidity and volatility risk

- Some debt securities the Sub-Fund invests in may be illiquid and more volatile when compared to more developed markets, and may be difficult or impossible to sell. The prices of securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Valuation risk

- Independent pricing information on debt securities may not be available at all times. Thus, valuation of the Sub-Fund's investments in debt securities may involve uncertainties and judgmental determinations. If such valuation should prove to be incorrect, the net asset value of the Sub-Fund may be adversely affected.

10. Stock Connects risk

- The relevant rules and regulations on the Stock Connects are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access the Mainland China market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

11. Mainland China tax risk

- There are risks and uncertainties associated with changes in the current PRC tax law, regulations and practice in respect of capital gains derived by RQFIIs, or through the Stock Connects or other means, on its investment in the PRC, which may have retrospective effect and may adversely affect the Sub-Fund. Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Having taken and considered independent professional tax advice, the Manager determines that:
  - no PRC withholding income tax ("WIT") provision will be made for the account of the Sub-Fund in respect of any potential PRC tax liability on gross unrealized and realized capital gains derived from investments in PRC fixed income instruments;
  - for investments in China A-Shares, no PRC WIT provision will be made on gross unrealized and realized capital gains derived from investments in China A-Shares from 17 November 2014 onwards;
  - no WIT provision or value added tax provision will be made on interest income derived from debt instruments issued or distributed in the PRC received/receivable by Sub-Fund for the period from 7 November 2018 to 6 November 2021.

12. Risk relating to depositary receipts

- Exposure to depositary receipts may generate additional risks compare to direct exposure to the corresponding underlying stocks. There could be a risk that underlying shares would not be attributed to holders of depositary receipts in case of bankruptcy of the depositary bank.
- There are fees related to depositary receipts which may impact the performance of the depositary receipts. Also, holders of depositary receipts are not direct shareholder rights as shareholders do. The Sub-Fund may also be subject to liquidity risk.

13. Risk relating to preferred shares

- An investment in preferred shares involves additional risks that are not typically associated with an investment in ordinary shares. In certain circumstances, an issuer of preferred shares may redeem the shares prior to a specified date. A special redemption by the issuer may negatively impact the return of the shares held by the Sub-Fund.
- Preferred shares are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments and therefore will be subject to greater credit risk than those debt instruments. Preferred shares may be substantially less liquid than many other securities, including ordinary shares. The value and performance of the Sub-Fund may be adversely affected as a result.

14. Risks relating to convertible bonds

- This Sub-Fund may invest up to 30% in convertible bonds, which are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specific future date. As such, convertible bonds will be exposed to equity movement and greater volatility than straight bond investments. Investment in convertible bonds are subject to the same credit risk, interest rate risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

15. Risk of using financial derivative instruments

- The use of financial derivatives instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk, valuation risk, over-the-counter transaction risk and liquidity risk. The leverage element/component of financial derivatives instruments can result in a loss significantly greater than the amount invested in the financial derivative instruments by the Sub-Fund. In adverse situation, the use of financial derivative instruments for hedging purposes may become ineffective and the Sub-Fund may suffer significant losses.

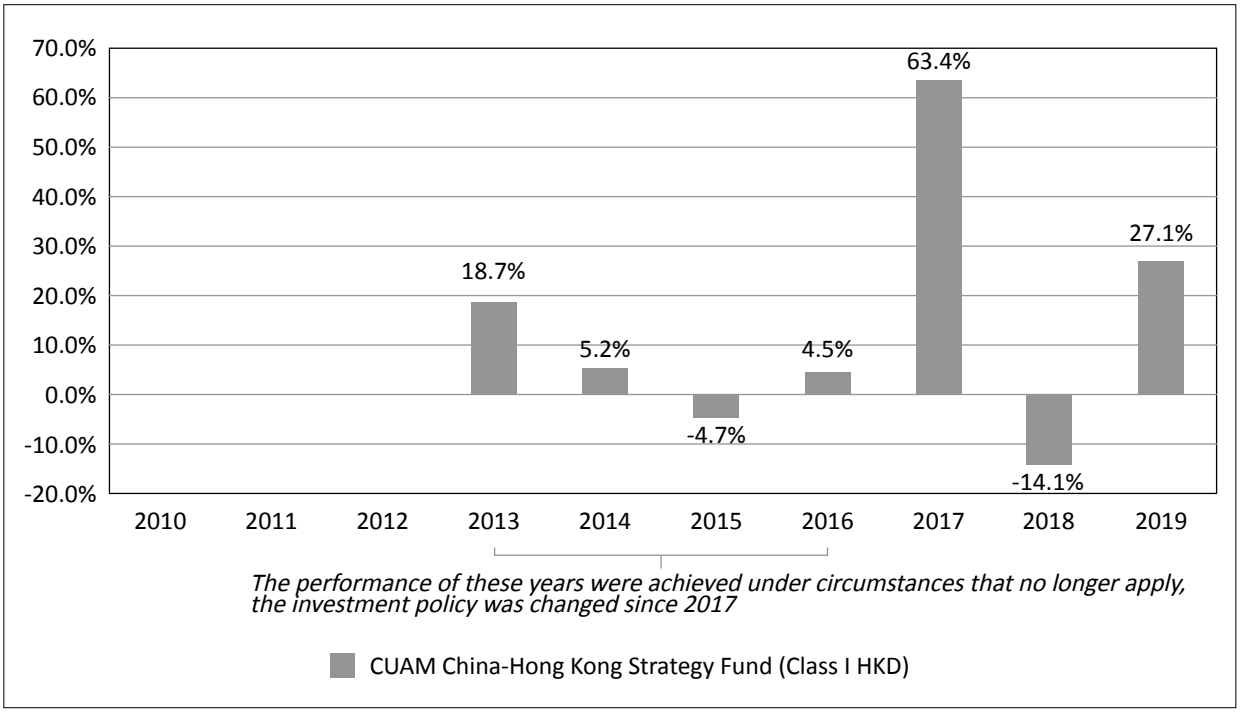
16. RMB currency and conversion risks and RMB classes related risks

- 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 Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

17. Risk relating to dynamic asset allocation strategy

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

How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class I HKD Units of the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- The Manager views Class I HKD, being the unit class denominated in the Sub-Fund's base currency and commonly subscribed by Hong Kong investors, as the most appropriate representative unit class.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 2012
- Class I HKD launch date: 2012
- Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from the website of the Manager at http://www.99fund.com.hk.[1]

1 *This website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.*

Is there any guarantee?

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

What are the fees and charges?

Charges which may be payable by you

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

Fee	**What you pay**	
	Class A	*Class I*
Subscription fee (Preliminary Charge) (% of the Issue Price)	Up to 5%	Up to 5%
Redemption fee (Realisation Charge) (% of the Realisation Price)	Nil	Nil
Switching fee (Conversion Charge) (% of the Issue Price of the units of the new sub-fund)	Up to 1%	Up to 1%

Ongoing fees payable by the Sub-Fund

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

Annual rate (as a % of the Sub-Fund's net asset value)

Management Fee	Up to 3% p.a., Class A's current rate being 1.25% p.a.* Class I's current rate being 0.75% p.a.*
Trustee Fee	Current rate being up to 0.15% p.a. (subject to a minimum monthly fee (up to HKD 35,000))*
Custody Fee	Up to 0.1% p.a.
Performance Fee	Not applicable

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

** The current annual rate may be increased up to the specified permitted maximum level as set out in the Explanatory Memorandum by giving not less than one month's prior notice to the investors.*

Additional Information

- **Currently Class A HKD units, Class A RMB units, Class A USD units, Class I HKD units, Class I RMB units and Class I USD units of the Sub-Fund are available for subscription.**
- You generally buy and realise units at the Sub-Fund's next-determined net asset value (NAV) after the authorised distributor or the Manager has received your request in good order on or before 4:00p.m. (Hong Kong time) on the relevant Dealing Day. The authorised distributors may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investor should pay attention to the arrangements of the authorised distributor concerned.
- The net asset value of this Sub-Fund is calculated on the Business Day immediately following the Dealing Day, and the price of units is published on each Business Day. The net asset value per unit of the Sub-Fund at each Dealing Day will be published on a daily basis in the Manager's website at www.99fund.com.hk[1].
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the Manager's website at www.99fund.com.hk.[1]

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.

1 *This website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.*