

- *This statement provides you with key information about E Fund (HK) China Equity Dividend Fund (the "Sub-Fund").*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of E Fund Selection Investment Series.*
- *You should not invest in this product based on this statement alone.*

**Quick facts**

<b>Manager and QFI Holder:</b>	E Fund Management (Hong Kong) Co., Limited
<b>Trustee:</b>	ICBC (Asia) Trustee Company Limited
<b>Custodian:</b>	Industrial and Commercial Bank of China (Asia) Limited
<b>QFI Custodian:</b>	China Construction Bank Corporation
<b>Ongoing charges over a year:</b>	<b>Class A (accumulation)(HKD): 2.08%#</b> <b>Class A (distribution)(HKD): 2.07%#</b> <b>Class A (accumulation)(USD) : 2.08%#</b> <b>Class I (accumulation) (HKD): 1.78%#</b> <b>Class I (distribution) (HKD): 1.78%#</b> <b>Class I (accumulation)(USD): 1.79%#</b> <b>Class I (distribution) (USD) : 1.81% ##</b>
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	HKD
<b>Dividend policy:</b>	<b>Classes A and I (accumulation) – no dividend distribution</b> <b>Classes A and I (distribution) – dividends will be distributed on a monthly basis, subject to the Manager's discretion. Distributions may be paid out of capital and may immediately reduce the Sub-Fund's Net Asset Value.</b>
<b>Financial year end of the Sub-Fund:</b>	31 December
<b>Min. initial investment:</b>	<b>Class A (accumulation)(HKD) &amp; Class A (distribution)(HKD):</b> HKD10,000 <b>Class A (accumulation)(USD):</b> USD1,000 <b>Class I (accumulation)(HKD) &amp; Class I (distribution)(HKD):</b> HKD1,000,000 <b>Class I (accumulation)(USD) &amp; Class I (distribution) (USD) :</b> USD100,000
<b>Min. subsequent investment:</b>	<b>Class A (accumulation)(HKD) &amp; Class A (distribution) (HKD):</b> Units with aggregate minimum value of HKD10,000 <b>Class A (accumulation)(USD):</b> Units with aggregate minimum value of USD1,000 <b>Class I (accumulation)(HKD) &amp; Class I (distribution)(HKD):</b> Units with aggregate minimum value of HKD1,000,000 <b>Class I (accumulation)(USD) &amp; Class I (distribution) (USD) :</b> Units with aggregate minimum value of USD100,000
<b>Min. holding:</b>	<b>Class A (accumulation)(HKD) &amp; Class A (distribution)(HKD):</b> Units with aggregate minimum value of HKD10,000 <b>Class A (accumulation)(USD):</b> Units with aggregate minimum value of USD1,000

**Min. redemption:**

**Class I (accumulation)(HKD) & Class I (distribution)(HKD):** Units with aggregate minimum value of HKD1,000,000

**Class I (accumulation)(USD) & Class I (distribution) (USD) :** Units with aggregate minimum value of USD100,000

**Class A (accumulation)(HKD) & Class A (distribution)(HKD):** HKD10,000

**Class A (accumulation)(USD):** USD1,000

**Class I (accumulation)(HKD) & Class I (distribution)(HKD):** HKD1,000,000

**Class I (accumulation)(USD) & Class I (distribution) (USD) :** USD100,000

# The ongoing charges figure is based on the expenses during the year ended 31 December 2022. This figure may vary from year to year.

## As this unit class was newly launched, this figure is an estimate only. The fee estimate covers the Sub-Fund's ongoing charges (including but not limited to the management fee, trustee fee, operating costs) and the establishment cost that would be amortized over 5 years. This figure may vary from year to year

**What is this product?**

- E Fund (HK) China Equity Dividend Fund is a sub-fund of E Fund Selection Investment Series which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 14 August 2014. It is governed by the laws of Hong Kong.

**Objective and Investment Strategy**

**Objective**

E Fund (HK) China Equity Dividend Fund seeks to achieve long-term capital appreciation primarily through equity-based investments in equity and equity-related securities of companies which are incorporated in, have their area of primary activity in or are related to the growth of Mainland China's economy and are expected to achieve high dividend returns.

**Investment Policies and Strategy**

The Sub-Fund seeks to invest at least 70% of its net assets in equity or equity-related securities of companies whose activities are closely related to the economic development and growth of Mainland China. These companies may be listed in developed or emerging markets (including stock exchanges of Mainland China, Hong Kong, Singapore, Taiwan and U.S.). Equity and equity-related securities include but are not limited to common stocks, preference shares, American Depository Receipts and Global Depository Receipts. The Sub-Fund may invest in equity or equity-related securities of companies of any capital size which satisfies the requirements set out in this paragraph.

For equity investments, the Sub-Fund does not focus on any particular market sector or industry and may invest in shares issued by companies of any level of capitalisation.

The Sub-Fund may invest up to 100% of its Net Asset Value in China A-Shares which may be gained directly through the QFI status of the Manager and/or Stock Connect\* (or similar mutual market access programme to China A-Shares). Exposure to China A-Shares through the QFI status of the Manager will not be more than 30% of the Sub-Fund's Net Asset Value.

Up to 30% of the Sub-Fund's net assets in aggregate may be invested in (i) other equity and equity-related securities issued by companies whose activities are not closely related to the economic development and growth of Mainland China; (ii) other investments, including but not limited to money market instruments, cash and cash based instruments (e.g. bank certificates of deposit, bank deposits and negotiated term deposits with banks) or exchange-traded funds; (iii) other collective investment schemes whose investment objectives are

substantially similar to the Sub-Fund; (iv) convertible bonds (which may be RMB denominated) (the Sub-Fund may hold listed equities from the conversion of the convertible bonds but will not hold equities that are unlisted) and/or (v) derivatives such as options, warrants and futures for investment purposes (please refer to the sub-section headed "Investment and Borrowing Restrictions" in the section headed "Investment Considerations" and Schedule 1 in the Explanatory Memorandum for further details).

The Sub-Fund may also invest in derivatives such as options, warrants and futures for hedging purposes.

The Sub-Fund will not invest in: (i) urban investment bonds (城投債); (ii) debt instruments that are rated BB+ or below by one of the credit rating agencies in Mainland China or an internationally recognized credit agency or unrated; and (iii) securities issued and/or guaranteed by a single sovereign issuer which is rated BB+ or below (as rated by an internationally recognized credit rating agency) or unrated.

It is not the Manager's current intention to engage in securities financing transactions or invest in asset-backed securities (including asset-backed commercial papers) or mortgage-backed securities for the account of the Sub-Fund. If there is a change in such intention, the prior approval of the SFC will be sought and at least one month's prior written notice will be given to the relevant Unitholders of the Sub-Fund.

\* "Stock Connect" includes Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

#### **Use of derivatives / investment in derivatives**

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

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

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

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

- The Sub-Fund is an investment fund and not a bank deposit. There is no guarantee of the repayment of principal. There is also no guarantee of dividend or distribution payments during the period you hold the units of the Sub-Fund.
- The instruments invested by the Sub-Fund may fall in value and therefore your investment in the Sub-Fund may suffer losses.

##### **2. Risks relating to equity securities**

- Investment in equity securities is subject to market risk. The prices of such securities may also be volatile and a number of factors may affect stock prices, including but not limited to, investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations.
- If the market value of equity securities in which the Sub-Fund invests in goes down, its Net Asset Value may be adversely affected, and investors may suffer substantial losses.

##### **3. Dividend risk**

- There is no assurance that dividends will be declared and paid in respect of the securities held by the Sub-Fund. The rates of dividend payment in respect of such securities may be affected by factors beyond the control of the Manager.
- In addition, whether or not distributions will be made by the Sub-Fund is at the discretion of the Manager taking into account various factors. There can be no assurance that the distribution yield of the Sub-Fund is the same as that of the underlying securities.

##### **4. Risks relating to distribution out of capital**

- Distributions of the Sub-Fund may be paid out of the capital of the Sub-Fund. Investors should note that

payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and such distributions may result in an immediate reduction of the Net Asset Value of the relevant units.

#### **5. China A-Shares market risk**

- The price at which securities may be purchased or sold by the Sub-Fund and the Net Asset Value of the Sub-Fund may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention) than those in more developed markets. Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the Sub-Fund.
- Trading band limits are imposed by the stock exchanges in Mainland China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Manager to liquidate positions and can thereby expose the Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Manager to liquidate positions at a favourable price.

#### **6. Risk relating to the 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 shareholders of the underlying company and generally do not have voting and other shareholder rights as shareholders do. The Sub-Fund may also be subject to liquidity risk.

#### **7. Risks relating to preference shares**

- An investment in preference shares involves additional risks that are not typically associated with an investment in common stocks. In certain circumstances, an issuer of preference 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.
- Preference 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. Preference shares may be substantially less liquid than many other securities, including common stocks. The value and performance of the Sub-Fund may be adversely affected as a result.

#### **8. RMB currency risk and foreign exchange risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions and investors may be adversely affected by movements of the exchange rates between Renminbi and other currencies.
- The Sub-Fund's underlying investments may be denominated in currencies different from the base currency of the Sub-Fund. A decline in the exchange rate of the currency would adversely affect the value of the security and under such circumstances the Sub-Fund's value may be adversely affected, and investors may suffer a significant loss as a result.

#### **9. Risks relating to China market / Single Market Investment Risk**

- China is considered as an emerging market and investing in China may subject the Sub-Fund to special risks and considerations not typically associated with investment in more developed economics or markets. Investments in China may also be less liquid and more volatile.
- The Sub-Fund invests primarily in securities related to the China market and may be subject to concentration risk. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. Investments in China may be affected by the changes in government policies, promulgation of foreign currency and monetary policies and tax regulations.

#### **10. Mainland Chinese tax risk**

- The implementation of Mainland Chinese tax rules and practices in relation to QFI and the Stock Connect is uncertain. The Manager, acting in the best interest of Unitholders, has assessed the withholding income tax ("WIT") provisioning approach. The Manager, after carefully considering the assessment and having taken and considered independent professional tax advice, will withhold 10% of the Sub-Fund's gross realised and unrealised capital gains derived from trading of Mainland Chinese bonds since its inception, until further clarification by the PRC authorities. The Manager will not make provision for gross realised or unrealised capital gains derived from the trading of Mainland Chinese equity investment (including China A-Shares). There is a possibility of the rules being changed and taxes being applied retrospectively. There is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will also make a WIT provision of 10% for the account of the Sub-Fund on dividend and interest that arises from investments in the Mainland Chinese Securities if the WIT is not withheld at source.
- Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already sold/redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

#### **11. Risks relating to QFI**

- The Sub-Fund's investment through a QFI is subject to applicable regulations imposed by the Mainland Chinese authorities. Although repatriations by QFIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, there is no assurance that Mainland Chinese rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the Unitholders.
- Application of the QFI rules may depend on the interpretation of the Mainland Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund.
- In the event of any default of either a Mainland Chinese broker or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any fund or securities in Mainland China, the Sub-Fund may encounter delays in recovering its assets which may in turn impact the Net Asset Value of the Sub-Fund.

#### **12. Risks associated with the Stock Connect**

- The relevant regulations on Stock Connect are subject to change which may be retrospective. The program is subject to quota limitations which may restrict the Sub-Fund's ability to invest in China A-Shares through the program on a timely basis. Where a suspension in the trading through the program is effected, the Sub-Fund's ability to access the Mainland China market (and hence its ability to pursue its investment strategy) will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

#### **13. Risks associated with the ChiNext market**

- The Sub-Fund may invest in the ChiNext market of the Shenzhen Stock Exchange via the Shenzhen-Hong Kong Stock Connect and/or STAR market of the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect. Investments in the ChiNext market and/or STAR market may result in significant losses for the Sub-Fund and its investors.

#### Higher fluctuation on stock prices

- Listed companies on the ChiNext market and/or STAR market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main boards of the Shenzhen Stock Exchange and Shanghai Stock Exchange.

#### Over-valuation risk

- Stocks listed on the ChiNext market and/or STAR market 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.

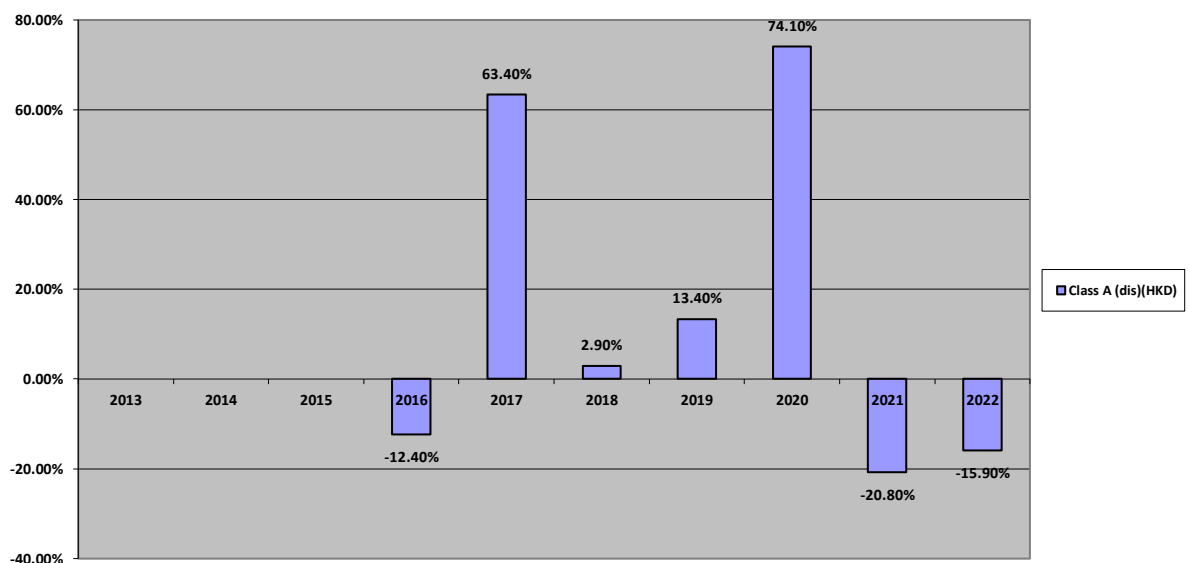
#### Differences in regulations

- The rules and regulations regarding companies listed on ChiNext market and/or STAR market 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 ChiNext market and/or STAR market to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

#### How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the class increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 2015.
- Class A (dis)(HKD) launch date: 2015.
- The Manager views Class A (dis)(HKD), being the retail class denominated in the Sub-Fund's base currency, as the most appropriate representative class.

#### Is there any guarantee?

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

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## 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.

<b><u>Fee</u></b>	<b><u>What you pay</u></b>
Subscription Fee (Preliminary Charge) (% of Issue Price)	Up to 3%
Redemption Fee (Redemption Charge) (% of Redemption Price)	Nil
Switching Fee	Not applicable

### **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**

Management Fee	<b>Class A (accumulation) (HKD), Class A (accumulation)(USD) and Class A (distribution)(HKD):</b> Up to 3% p.a., current rate being 1.8% p.a.* (as a % of the Sub-Fund's Net Asset Value) <b>Class I (accumulation)(HKD), Class I (accumulation)(USD), Class I (distribution)(HKD) and Class I (distribution) (USD):</b> Up to 3% p.a., current rate being 1.5% p.a.* (as a % of the Sub-Fund's Net Asset Value)
Trustee Fee	Up to 1.0% p.a., current rate being 0.11% p.a.* (as a % of the Sub-Fund's Net Asset Value) (inclusive of fees payable to the Transfer Agent and Registrar).
Custody Fee	Up to 0.08% p.a. (as a % of the month-end market value (if unavailable, its nominal value) of Sub-Fund's investments in custody) (inclusive of fees payable to the Custodian and the QFI Custodian)

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Subject to a minimum monthly fee (Trustee fee and Custody fee collectively) of HKD40,000.

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.

\*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer the section headed "Fees and Expenses" in the Explanatory Memorandum.

#### **Additional Information**

- You generally buy and redeem units at the Sub-Fund's next-determined Net Asset Value after the Trustee (via 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. Different distributor may impose different dealing deadlines for receiving requests from investors.
- The Net Asset Value of this Sub-Fund is calculated on the same Dealing Day, and the price of units is published on each Dealing Day on the Manager's website at [www.efunds.com.hk](http://www.efunds.com.hk) or in any appropriate manner. Please note that the aforesaid website has not been reviewed or authorised by the SFC.
- In respect of Class A (distribution) and Class I (distribution), the compositions of the dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and on the website of the Manager at [www.efunds.com.hk](http://www.efunds.com.hk). Please note that the aforesaid website has not been reviewed or authorised by the SFC.

#### **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.