

# PRODUCT KEY FACTS

## Guotai Junan Investment Funds OFC Guotai Junan HKD Money Market Fund

April 2024

Issuer: Guotai Junan Assets (Asia) Limited

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Sub-Fund's Explanatory Memorandum.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Manager:</b>	Guotai Junan Assets (Asia) Limited
<b>Custodian:</b>	BOCI-Prudential Trustee Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class A1 Shares: estimated to be 0.44% Class A2 Shares: estimated to be 0.24% Class D1 Shares: estimated to be 0.74% Class D2 Shares: estimated to be 0.54% Class S Shares: estimated to be 0.14%
<b>Dealing frequency:</b>	Daily (Hong Kong business days)
<b>Base currency:</b>	Hong Kong Dollars (HKD)
<b>Dividend policy:</b>	<p>The Manager has discretion as to whether or not the Sub-Fund will make any distribution of dividends, the frequency of distribution and amount of dividends. There is no guarantee of regular distribution nor, where distribution is made, the amount being distributed.</p> <p>Dividends may be paid out of capital or effectively out of capital of the relevant Class and may result in an immediate reduction of the Net Asset Value (“NAV”) per share of the Sub-Fund (“Share”). Dividends (if any) will be paid in the currency of the relevant class of Shares.</p>
<b>Financial year end of the Sub-Fund:</b>	31 December
<b>Minimum initial investment:</b>	Class A1: HKD10,000 Class A2: HKD8,000,000 Class D1: HKD1 Class D2: HKD1 Class S: HKD10,000
<b>Minimum subsequent investment</b>	Class A1: HKD10,000 Class A2: HKD1,000,000 Class D1: HKD1 Class D2: HKD1 Class S HKD: HKD10,000

<sup>#</sup> As no Class A1 Shares and Class D2 Shares have been issued yet, the relevant ongoing charges figure is indicative only. In respect of Class A2 Shares, Class D1 Shares and Class S Shares which were launched on 13 September 2023, 27 April 2023 and 27 April 2023 respectively, the relevant ongoing charges figure is estimated and calculated based on the annualized projection of the sum of the expenses charged to the Sub-Fund from the launch date of the relevant share class to 31 December 2023. The figure represents the sum of the estimated ongoing expenses over a 12-month period chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund's NAV. The actual figure may be different from this estimated figure and it may vary from year to year.

## What is this product?

Guotai Junan HKD Money Market Fund (the “**Sub-Fund**”) is a sub-fund of the Guotai Junan Investment Funds OFC (“**Company**”), which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds.

**The purchase of a Share in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee repayment of principal and the Manager has no obligation to redeem the Shares at the offer value. The Sub-Fund does not have a constant NAV. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.**

## Objectives and Investment Strategy

### Objective

The Sub-Fund’s objective is to invest in short term deposits and high quality money market investments. The Sub-Fund seeks to achieve a return in HKD in line with prevailing money market rate. There can be no assurance that the Sub-Fund will achieve its investment objective.

### Strategy

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its NAV) in HKD-denominated short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations. The Sub-Fund may invest up to 30% of its NAV in non HKD-denominated short-term deposits and high quality money market instruments. The Manager will hedge non HKD-denominated investments into HKD in order to manage any material currency risk.

### Short-term Deposits and High Quality Money Market Instruments

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account. High quality money market instruments include but are not limited to fixed income securities, commercial papers, certificates of deposits, short-term notes and commercial bills. The Sub-Fund may invest up to 100% of its NAV in fixed income securities, which may include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in fixed income securities which are (i) rated investment grade or above; or (ii) (where the fixed income securities have no credit rating only) guaranteed by guarantors which are rated investment grade or above; or (iii) (where the fixed income securities have no credit rating and no guarantors) issued by issuers which are rated investment grade or above. For the purposes of the Sub-Fund, “investment grade” means a short-term credit rating of F3 or above by Fitch Ratings, P-3 or above by Moody’s or A-3 or above by Standard & Poor’s, or (in the absence of a short-term credit rating only) a long-term credit rating of BBB– or above by Fitch Ratings or Standard & Poor’s or Baa3 or above by Moody’s. In the case of split credit ratings between different credit rating agencies, the highest rating shall apply.

For the avoidance of doubt, the Sub-Fund does not intend to invest in fixed income securities with a long term to maturity remaining at the time of investment. The long-term credit ratings will only be considered where the Sub-Fund invests in fixed income securities which have long-term credit ratings only and no short-term credit ratings, but have a shorter term to maturity remaining (subject to the restrictions on remaining maturity, weighted average maturity and weighted average life of the portfolio of the Sub-Fund as set out below) at the time of purchase by the Sub-Fund.

For investment grade (either the security or its issuer or guarantor) fixed income securities, the Manager will assess the credit risks of the fixed income security on an ongoing basis based on quantitative and qualitative fundamentals, including but not limited to the issuer's leverage, operating margin, interest coverage, operating cash flows, industry outlook, the firm's competitive position and corporate governance etc. to ensure that the fixed income security that the Sub-Fund invests in is of sound credit quality.

The Manager will assess the liquidity profile of instruments based on factors such as the time to cash, liquidation horizon, price volatility and bid-ask spread of such instruments (subject to the availability of such data). Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund may invest at least 70% of its NAV in short-term deposits or high quality money market instruments issued in Hong Kong or issued by issuers domiciled in Hong Kong.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total NAV of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of government and other public securities (as defined in the Explanatory Memorandum), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 (or equivalent in HKD), where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features.

#### **Sale and Repurchase Transactions, Reverse Repurchase Transactions and Borrowing**

The Sub-Fund may borrow up to 10% of its latest available NAV but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its NAV but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The amount of cash received by the Sub-Fund under such transactions may not in aggregate exceed 10% of its NAV.

The Sub-Fund may engage in reverse repurchase transactions (i.e. a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the NAV of the Sub-Fund.

#### **Other Investments**

The Sub-Fund may invest up to 10% of its NAV in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its NAV in asset backed securities, such as mortgage backed securities. Such asset backed securities will be rated investment grade or above.

The Sub-Fund will enter into financial derivative instruments ("**FDIs**") (including but not limited to interest rate swaps and currency swaps) for hedging purposes only.

## Use of derivatives/Investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

### 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's investment portfolio 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 the repayment of principal.

#### 2. Fixed income securities investment risk

- Short-term fixed income instruments risk – As the Sub-Fund invests substantially in short-term fixed income instruments with short maturities, the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term fixed income instruments may also increase which in turn may have a negative impact on the NAV of the Sub-Fund. The Sub-Fund's underlying fixed income securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.
- Credit/counterparty risk – The Sub-Fund is exposed to the credit/default risk of issuers of the fixed income securities it invests in.
- Interest rate risk – Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- Credit rating risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- Downgrading risk – The credit rating of a fixed income instrument or its issuer may subsequently be downgraded. In such case, the Sub-Fund's investment value may be adversely affected. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.
- Valuation Risk – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.
- 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.

#### 3. Risks associated with bank deposits

- Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

#### **4. Concentration risk**

- The Sub-Fund will invest primarily in HKD-denominated short-term deposits and high quality money market instruments (which may include fixed income securities). The Sub-Fund may be concentrated in investments issued in Hong Kong or issued by issuers domiciled in Hong Kong. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the HKD money markets.

#### **5. Currency risks**

- Underlying investments of the Sub-Fund may be denominated in currencies other than its base currency. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

#### **6. Distribution out of/effectively out of capital risk**

- Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to such original investments. Any such distributions may result in an immediate reduction of the NAV per Share of the Sub-Fund.

#### **7. Risks relating to sale and repurchase agreements**

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

#### **8. Risks relating to reverse repurchase agreements**

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

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

Since the Sub-Fund is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

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

The 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 Shares of the Sub-Fund.

Fee	What you pay	
	Class A1, Class A2, Class D1 and Class D2	Class S
<b>Subscription fee<sup>^</sup></b>	Up to 5% of the subscription amount	Nil
<b>Switching fee<sup>^</sup> (i.e. conversion fee)</b>	Up to 1%* of the redemption price for each Share converted	Nil
<b>Redemption fee<sup>^</sup></b>	Up to 1% of the redemption amount	Nil

\* The switching fee will be deducted from the redemption proceeds and retained by the Manager. This is payable in addition to the applicable redemption fee (if any).

### Ongoing fees payable by the Sub-Fund

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

Fee	Annual rate (as a % of the Sub-Fund's NAV)				
	Class A1	Class A2	Class D1	Class D2	Class S
<b>Management fee<sup>^</sup></b>	0.30% per annum	0.10% per annum	0.60% per annum	0.40% per annum	Nil
<b>Performance fee</b>	Nil				
<b>Custodian fee<sup>^</sup></b>	Up to 0.025%				
<b>Administration fee</b>	Up to 0.075% per annum, subject to a minimum monthly fee of HKD31,200				

### Other fees

You may have to pay other fees when dealing in the Shares of the Sub-Fund.

<sup>^</sup> Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "Expenses and Charges" in the Explanatory Memorandum for further details of the fees and charges payable and the permitted maximum of such fee allowed, as well as other ongoing expenses that may be borne by the Sub-Fund.

## **Additional information**

- You generally buy and redeem Shares at the Sub-Fund's next-determined NAV after the Custodian receives your request, directly or via a distributor, in good order at or before 11:00 a.m. (Hong Kong time), being the Sub-Fund's dealing cut-off time on each dealing day of the Sub-Fund. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing cut-off time (which may be earlier than the Sub-Fund's dealing cut-off time).
- The NAV of the Sub-Fund is calculated and the price of Shares published each business day on the website [www.gtjai.com](http://www.gtjai.com) (this website has not been reviewed by the SFC).
- 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 [www.gtjai.com](http://www.gtjai.com) (this website has not been reviewed by the SFC).
- You may obtain the past performance information of other classes (when available) offered to Hong Kong investors on the website [www.gtjai.com](http://www.gtjai.com) (this website has not been reviewed by the SFC).
- You may obtain information on the distributor(s) in respect of the Sub-Fund by contacting the Manager at +852 2509 2186.

## **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. SFC registration and authorization do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or its performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.