交銀施羅德基金管理有限公司
BOCOM Schroder Fund Management Co.,Ltd.

PRODUCT KEY FACTS

BOCOM Schroder Growth Mixed Securities Investment Fund

Apr 2021

Issuer: Bank of Communications Schroder Fund Management Co., Ltd.

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 a part of the offering document.
You should not invest in this product based on this statement alone.

Quick facts

Fund Manager:	Bank of Communications Schroder Fund Management Co., Ltd. (the "Manager")
Custodian:	Agricultural Bank of China Limited
Ongoing charges over a year#	1.76%
Hong Kong Representative:	BOCOM Schroder Asset Management (Hong Kong) Co. Ltd (the "Hong Kong Representative")
Distribution policy:	Class H: Distributions will be declared and paid for a maximum of ten times each year at such time at the discretion of the Manager. Distributions may be made out of income and gains and/or paid out of capital or effectively out of capital. Distributions will be paid to Class H unitholders in cash.
Financial year end of this fund:	31 December
Minimum investment:	Class H - RMB1,000 minimum initial investment, RMB1,000 minimum subsequent investment
Dealing frequency:	Daily (each day being a Hong Kong business day which is also a Mainland working day ("Joint Business Day"))
Base currency:	RMB

The ongoing charges figure is based on expenses over the 12-month period ended 31 December 2020 of Class H expressed as a percentage of the average net asset value of such class. This figure may vary from year to year. The actual figure may be different from the estimated figure.

What is this product?

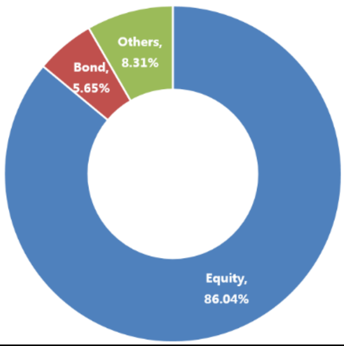
BOCOM Schroder Growth Mixed Securities Investment Fund (the "Fund") is an open-ended fund constituted under the laws of the Mainland China ("Mainland") and its home regulator is the China Securities Regulatory Commission ("CSRC").

Objectives and Investment Strategy

<u>Objective</u>

The Fund is a mixed securities investment fund, seeking long-term capital appreciation for fund unitholders, primarily through investing in Mainland listed stocks (including Chinese Depository Receipts, "CDR") with good growth prospects selected under a rigorous screening process, under a premise of proper risk control and maintaining liquidity of fund assets.

Investment mix as at 31 Dec 2020



Strategy

The Fund's investments in equities (including CDR), fixed income and other investments will be limited to those securities in the Mainland market only. The investment scope of the Fund is to invest in liquid financial instruments, including stocks (including CDR) listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange in accordance with Mainland laws, bonds, money market instruments, asset-backed securities and other types of securities as issued by Mainland issuers and permitted by the CSRC or relevant laws and regulations. The Manager may implement appropriate procedures to extend the Fund's scope of investment to include other types of investments from time to time when such investments are permitted for fund investment under relevant laws and regulations or when they are permitted by regulators.

The Fund will mainly implement a rigorous quality screening process and valuation assessment in order to select growth stocks that possess comprehensive corporate governance structures, better potentials for growth, good industry prospects and good growth qualities. The Fund's investment portfolio shall consist of:

- 60%-95% of the Fund's assets in equity securities (including CDR) listed on Shanghai Stock Exchange and the Shenzhen Stock Exchange, among which the Fund may invest in stocks trading on the Small and Medium Enterprise ("SME") board, ChiNext market and/or the Science and Technology Innovation Board ("STAR Board");
- 5%-40% of the Fund's assets in bonds, money market instruments, asset-backed securities (not more than 20% of the net asset value of the Fund), urban investment bonds, debt securities which are rated BB+ or below by a Mainland credit rating agency or unrated and other types of securities permitted by CSRC for fund investment, among which no less than 5% of the Fund's net asset value shall be retained in cash or government bonds with maturity period of no more than one year. The Fund has no intention to invest 30% of the Fund's NAV or more in bonds which are rated BB+ or below or unrated.

The following table summarizes the asset allocation of the Fund:

Type of assets	Normal Asset Allocation (% of the Fund Assets)
Stocks (including CDR)	60%-95%
Cash, bonds, money market instruments, asset-backed securities, and other financial instruments as permitted by the CSRC	5%-40%

The Fund does not use financial derivative instruments including warrants or engage in stock lending transactions. If there is a change in such intention in the future, applicable regulatory approval from relevant regulatory authorities will be sought and at least one month's prior notice to investors will be provided.

The Fund may engage in repurchase transactions and reverse repurchase transactions. Repurchase or reverse repurchase transactions may be exchange-traded or entered into on the Mainland interbank market. Subject to complying with the minimum investment requirements to meet the Fund's investment objective and strategy and other applicable regulatory requirements, there is no specific limit on the Fund entering into reverse repurchase transactions on the exchange market and interbank market, and the Manager has determined that repurchase transactions that are exchange-traded and to be entered into on the interbank market be kept within an aggregate total limit of 40% of the Fund's net asset value. Applicable regulatory approval from relevant regulatory authorities will be sought and at least one month's prior notice to investors will be given if there would be any change of such limit.

The Fund's maximum level of leverage whether by way of borrowing, margin facilities/ financing, repurchase transactions, other similar transactions shall not exceed 40% of the Fund's net asset value. Applicable regulatory approval from relevant regulatory authorities will be sought and at least one month's prior notice to investors will be given if there would be any change of such limit.

Use of derivatives/investment in derivatives

The fund will not use derivatives for any purposes.

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. 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 Class H 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 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 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 redemptions of Class H 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.

2. Investment risk

- The Fund is an investment fund. There is no guarantee of the repayment of principal or payment of dividend or distribution. Further, there is no guarantee that the Fund will be able to achieve its investment objectives and there is no assurance that the stated strategies can be successfully implemented.

3. Concentration risk / Mainland market risk

- The Fund invests primarily in securities related to the Mainland market and may be subject to additional concentration risk. Investing in the Mainland 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.

5. *Mainland equity risks*

- *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 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.
- *Liquidity risk:* Securities markets in Mainland China may be less liquid than other developed markets. The Fund may suffer substantial losses if it is not able to dispose of investments at a time it desires.
- *High valuation risk:* Stocks listed on the Mainland stock exchanges may have a higher price-earnings ratio. Such high valuation may not be sustainable.
- *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.

6. *Mainland debt securities risks*

- *Volatility and liquidity risks:* The Mainland 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 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 the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland 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 the Mainland. 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.

- *Risk associated with debt securities which are rated BB+ or below by a Mainland credit rating agency or unrated:* The Fund may invest in debt securities rated BB+ or below by a Mainland credit rating agency or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

7. *Risks associated with 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 ChiNext market and 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 and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk:* Stocks listed on the 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 regulations:* The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board and the 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, ChiNext market and 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 [Applicable to STAR Board]:* 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.

8. Risks associated with CDR

- Risks associated with issuers of the underlying overseas securities: as issuers of the underlying overseas securities corresponding to CDR ("Overseas Issuers") are governed by overseas laws and regulations of their place of incorporation or listing, there may be potential risks caused by differences in the legal status and rights exercisable by holders of CDR and shareholders of the Overseas Issuers. There may be risks associated with special arrangements made for CDR holders in terms of dividend distributions which may cause CDR holders to receive their stock dividends at a time different from holders of the underlying overseas securities. There may be risks associated with special arrangements relating to exercise of voting rights. There may be risk of dilution of interests of CDR holders in certain circumstances such as when the Overseas Issuers offer rights issues to holders of the underlying securities but CDR holders may not be able to participate in such rights issues. There may be risks relating to differences in supervision of ongoing information disclosure requirements applicable in different listing markets and other risks that may be caused by differences in domestic and overseas legal systems and regulatory environments.

- Risks associated with investment in CDR: upon purchase of CDR, the Fund, by holding the CDR, will automatically be deemed as having executed and become a party to the depository agreement. There may be risks associated with terms of the depository agreement which are binding on CDR holders. There may be risks associated with delisting of the CDR such as inability of the depository to sell the underlying securities according to the depository agreement.
- Risks associated with the CDR trading mechanism: as the CDR and the underlying securities are listed in multiple markets, they may have different trading hours due to difference in time zones and trading rules. There may be risks that trading price of CDR may be swayed by opening and closing price of the underlying securities and any other events in the overseas market. Compared with funds investing only in companies that are listed in China domestic securities market, funds investing in CDR may be subject to a higher price volatility or even resulting in greater financial losses.

The Fund may choose to invest part of its assets in CDR or not to invest in any CDR according to the needs of investment strategies or changes in the market environment. The fund assets do not necessarily invest in CDR.

***9. Risks associated with* sale and repurchase transactions**

- For sale and repurchase transactions, the Fund may suffer substantial loss as there may be delay and difficulties in recovering collateral pledged with the counterparty or the cash originally received may be less than the collateral pledged with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

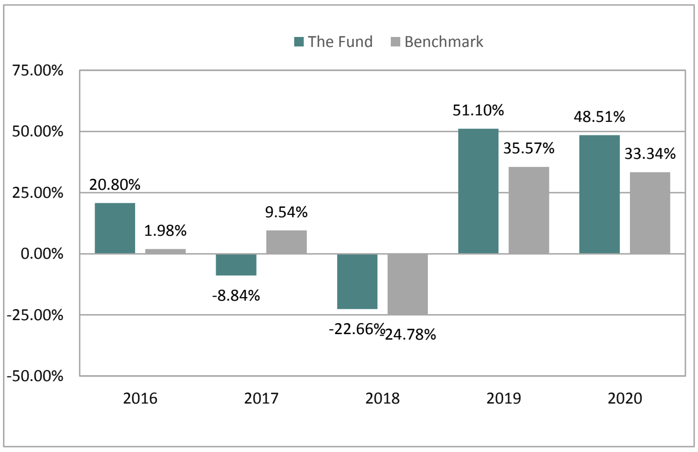
10. Risks associated with reverse repurchase transactions

- The collateral pledged under the reverse repurchase transactions in the interbank market may not be marked to market. In addition, the Fund may suffer substantial loss as there may be delay and difficulties in recovering the cash placed out or realizing the collateral, or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

11. Risks relating to payment of distributions out of capital or effectively out of capital

- Dividends paid out of capital or effectively out of capital amount to a return or withdrawal of part of a Unitholder’s original investment or from any capital gains attributable to that original investment.
- Any distribution involving payment of dividends out of or effectively out of the Fund’s capital may result in an immediate reduction of the net asset value per unit.

How has the Fund performed?



Class H is a class opened 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.
- 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 class H of the Fund 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.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The benchmark of class H of the Fund: 75% x FTSE China A600 Growth Index + 25% x FTSE Chinese Government Bond Index.
- Fund launch date: 2006
- Class H launch date: 2016

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 Class H units of the Fund.

Fee	What you pay
Subscription fee	Class H - Up to 5% of the subscription amount
Switching fee^	Class H - Not Applicable
Redemption fee	Class H - 0.13% of redemption amount

^Switching is not currently available for Class H - the Manager will announce applicable arrangement and fee when switching is available.

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.

	Annual rate (as a % of the Fund's net asset value)
Management fee The Fund pays a management fee to the Manager	1.5%
Custodian fee The Fund pays a custodian fee to the Custodian	0.25%
Performance fee	Nil
Administration fee	Nil

Please refer to the section of the Prospectus entitled "Fund Expenses and Tax" for further details, as well as for information on other ongoing expenses that may be borne by the Fund.

Other fees

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

Additional Information

- You generally buy and redeem units at the Fund's next-determined net asset value (NAV) after your request is received by the authorized distributor in good order on or before the dealing cut-off time, which is 3:00 p.m. (Hong Kong time) on a Joint Business Day. Certain authorized distributors may impose different earlier dealing deadlines for receiving requests from investors.
- The net asset value of Class H units of the Fund is calculated on each Mainland Working Day and such other days as may be required by Mainland laws and regulations, and the price of Class H units is published on a daily basis on the website of the Hong Kong Representative (www.bocomschroder.com.hk). The website has not been reviewed by the SFC.
- You may obtain the past performance information of Class H units or other share classes offered to Hong Kong of the Fund from the website of the Hong Kong Representative (www.bocomschroder.com.hk). The website has not been reviewed by the SFC.
- You should visit the website of the Hong Kong Representative (www.bocomschroder.com.hk) which is available in English and Traditional Chinese for the latest notices relating to the Fund. The website has not been reviewed by the SFC.
- The compositions of the distributions (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months are available from the Manager or the Hong Kong Representative upon request and also on the Hong Kong Representative's website (www.bocomschroder.com.hk). The website has not been reviewed 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.