



29 March 2021

Important Risk Warnings

(Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Hang Seng Investment Series (the “Series”) and the Term Sheet of the Fund)

- Hang Seng Ping An Asian Income Fund (“the Fund”) invests primarily in a balanced portfolio consisting of equity and debt securities issued in the debt and securities markets in the Asia Pacific region (excluding Japan).
- Hang Seng Investment Management, as the Manager, has delegated its investment management duties in relation to debt securities to the Sub-investment Manager, and will rely on the Sub-investment Manager’s expertise and systems for the Fund’s investments in debt securities only. Any disruption in the communication with or assistance from the Sub-investment Manager or a loss of service of the Sub-investment Manager or any of its key personnel may adversely affect the operations of the Fund.
- The asset allocation of the Fund is determined by the Manager and depends on the views of the Manager and the Sub-investment Manager on fundamental economic and market conditions and investment trends across the globe, the dynamic asset allocation may not achieve the desired results under all circumstances and market conditions. The investments of the Fund may be periodically rebalanced and therefore the Fund may incur greater transaction costs than a fund with static allocation strategy.
- The Fund is also subject to investment risks, equity market risks, risks associated with investing in fixed income instruments, general risks of investments associated with an emerging market, concentration risk and currency and exchange rate control risk.
- The Fund invests in the China market and is subject to the relevant risks, including general risks of investments associated with investments in the PRC and RMB currency and conversion risks.
- The Manager may at its discretion (i) pay distribution out of the capital or (ii) pay distribution out of gross income while charging/ paying all or part of the Fund’s fees and expenses to/ out of the capital of the Fund (resulting in an increase in distributable income for the payment of distribution by the Fund), and thereby effectively pay distributions out of the capital of the Fund. 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 investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.
- Investments involve risks and investors may lose substantial part of their investment in the Fund.

Investors should not only base on this material alone to make investment decisions, but should read the Fund’s Term Sheet, Product Key Facts Statements and the Explanatory Memorandum of the Series (including the full text of the risk factors stated therein) (collectively “Offering Documents”) in detail. If investors have any doubts about the contents of this leaflet or about the Offering Documents, they should consult their investment adviser and obtain independent professional advice.

Hang Seng Ping An Asian Income Fund Offers Investors Chance to Capture Long-term Growth in Asian Market

The Hang Seng Ping An Asian Income Fund[#] (the ‘Fund’) opened for public sale today. It provides investors with an opportunity to capture income and growth potentials in Asian markets amid current market volatilities. The Fund is managed by Hang Seng Investment Management Limited (‘HSVM’) with Ping An of China Asset Management (Hong Kong) (‘PAAMC HK’) as the sub-investment Manager, responsible for the Fund’s investments in debt securities. Regular asset allocation between equities and bonds will take place to deliver optimised results. This Fund has been launched to pave the way for the upcoming official implementation of the cross-boundary Wealth Management Connect pilot scheme (‘Wealth Management Connect’).

The Fund aims to provide income and long-term capital growth through investing primarily in a balanced portfolio consisting of equity and debt securities from Asia-Pacific markets (excluding Japan).

As at 28 February, the major markets include mainland China, Australia, Taiwan, Hong Kong and South Korea while major sectors include Information Technology, Consumer Discretionary, Real Estate, Financials and Materials.

The fund offers both HKD and USD income classes and intends to pay monthly distributions with an annualised dividend yield of around 4%¹ (dividend yield is not guaranteed and may be paid out of capital)². The management fee is 1.5%³ per annum and the estimated ongoing charges is 1.9%^{3,4}. Since its launch in August last year to professional investors, the fund has achieved a net return performance of 11.4%⁵. Net return performance from the Fund launch date to 2020 year-end was 8.3% and the net return performance for the year to date was 2.8%⁵.

Rosita Lee, Director and CEO of HSVM, said: “In the low interest rate environment, coupled with recent market volatility, it is difficult for investors to identify an optimal time to invest their wealth. This fund offers a balanced investment strategy that focuses on Asia-Pacific assets, with the hope of offering investors the opportunity to capture income and growth potential in Asian stock markets while achieving lower volatility coupled with stable income through investing into Asian bonds. Leveraging the joint expertise of HSVM and PAAMC HK, this fund further strengthens our platform for future growth, particularly with the anticipated official implementation of Wealth Management Connect, which will create enormous business opportunities for the financial industry in the Greater Bay Area.”

Chi Kit Chai, CIO and Head of Capital Markets of PAAMC HK’, said: “We are very excited to partner with HSVM. The combined expertise and resources of both firms create great synergy and bring invaluable opportunities to our clients. Global interest rates are at historic low levels, which is eroding income for many investors. Currently, Asia bonds offer significant yield pickup compared to bonds in other regions⁶. Combining Asian bonds with Asian equity, this fund seeks to achieve both income generation and capital appreciation while taking advantage of the low correlation between bonds and equity to lower volatility. With the upcoming Wealth Management Connect, this fund can enhance our product portfolio, enabling us to capture this enormous opportunity to serve investors on both sides of the border.”

Customers can buy the fund at Hang Seng branches and through Hang Seng e-Banking starting from today, with minimum subscription amounts equivalent to HKD20,000 and HKD5,000 respectively. The fund will also be available on online distribution platforms, including Hang Seng’s SimplyFund platform starting from 12 April, with a minimum subscription amount of

HKD1 and the mobile platform of Lufax Holding Ltd subsidiary, Lu Hong Kong, starting from 29 March, with a minimum subscription amount of HKD100.

The Fund has been authorised by the Securities and Futures Commission in Hong Kong (the SFC). SFC authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Note:

1. Source: Hang Seng Investment Management, Class I USD Income Units as of 28 February 2021. While the Manager currently intends to declare monthly distributions for all distribution classes, there can be no guarantee if any distribution will be declared at all. No prospective dividend yield has been indicated for the Fund. For HKD and USD income classes, Annualised Dividend Yield = $[(\text{The latest amount of dividend distributed} \div \text{ex-dividend unit price}) + 1]^{12} - 1$. Investors should be aware that any capital gain/loss in respect of the relevant Unit of the Fund is not included in the calculation of annualised dividend yield, which therefore does not represent the total return (if any) that may be realised by unitholders. A positive annualised dividend yield does not imply a positive return. The annualised dividend yield shown is for your information and reference only and is not indicative of any future dividend yield. The Manager may at its discretion (i) pay distributions out of the capital or (ii) pay distributions out of gross income while charging/paying all or part of the Fund's fees and expenses to/out of the capital of the Fund, and thereby effectively pay distributions out of the capital of the Fund. Payment of distribution 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. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit. Please refer to the Offering Documents for the details of, among other things, the distribution policy of the Fund.
2. Please take note of point 6 of the important risk warnings.
3. The management fee and estimated ongoing charges figures are the fee applicable to Class A USD Income Units, Class A HKD Income Units and Class D HKD Accumulation Units.
4. This figure is an estimate only (as the Fund is newly set up) and represents the sum of the estimated ongoing expenses chargeable to the relevant Unit class over a 12-month period expressed as a percentage of the estimated average Net Asset Value of the relevant Unit class over the same period. The actual figures may be different from the estimate. Please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details. This figure may vary from year to year.
5. Source: Hang Seng Investment Management, as of 28 February 2021. Fund performance is calculated using Class I USD Income Units' unit price-to-unit price return, and net return with distributions (if any) reinvested. Class I USD Income Units are not available for subscription by retail investors and are provided for reference only. Its charges and expenses are different from other Class of Units, please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details.
6. Source: Bloomberg, Hang Seng Investment Management, as of 28 February 2021. Other regions refer to US and Europe.

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About Hang Seng Investment Management

Established in April 1993, Hang Seng Investment Management Limited (Hang Seng Investment Management) is a wholly owned subsidiary of Hang Seng Bank Limited. As a Hong Kong-based asset management company specialising in managing funds related to mainland China and Hong Kong markets, Hang Seng Investment Management is committed to providing investors with

comprehensive investment management services through investment managers with extensive experience in managing index-tracking funds, exchange-traded funds, retirement funds and institutional accounts.

About Ping An of China Asset Management (Hong Kong)

Ping An of China Asset Management (Hong Kong) Co., Ltd. (“PAAMC HK”) was established in 2006. It is a direct subsidiary of China Ping An Insurance Overseas (Holdings) Limited and a wholly-owned subsidiary of Ping An Insurance (Group) Company of China, Ltd. (2318.HK and 601318.SH). It is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (Dealing in Securities), Type 4 (Securities Consultation) and Type 9 (Asset Management) regulated activities. With strong capabilities in investment research and asset management, PAAMC HK offers full-fledged investment solutions across equities, fixed income, hedge funds, AI-quantitative investments, ETFs and other alternative assets. For more information, please visit asset.pingan.com.hk.