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**Invesco Global Bond Fixed Maturity Fund 2022  
(a sub-fund of Invesco Trust Series)**

**Prospectus**

15 July 2019



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## IMPORTANT INFORMATION FOR INVESTORS

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**Important: If you are in doubt about the contents of this Prospectus, you should seek independent professional financial advice.**

This Prospectus comprises information relating to Invesco Global Bond Fixed Maturity Fund 2022 (“**Sub-Fund**”), a sub-fund of Invesco Trust Series (“**Fund**”). The Fund is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 30 June 2015, as amended from time to time (“**Trust Deed**”) between State Street Trust (HK) Limited (“**Trustee**”) as trustee and Invesco Hong Kong Limited (“**Manager**”) as manager.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statement of the Sub-Fund, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or the Product Key Facts Statement misleading. However, neither the delivery of this Prospectus and the Product Key Facts Statement nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Prospectus or the Product Key Facts Statement is correct as of any time subsequent to the date of publication. This Prospectus and the Product Key Facts Statement may from time to time be updated.

Distribution of this Prospectus must be accompanied by a copy of the Product Key Facts Statement of the Sub-Fund and the latest available annual report and audited accounts of the Fund and the Sub-Fund (if any) and any subsequent unaudited semi-annual accounts. Units of the Sub-Fund are offered on the basis only of the information contained in this Prospectus, the Product Key Facts Statement and (where applicable) the above mentioned annual reports and audited accounts and unaudited semi-annual accounts. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Prospectus or the Product Key Facts Statement should be regarded as unauthorised and accordingly must not be relied upon.

### **Hong Kong Authorisation and Approval**

The Fund and the Sub-Fund have been authorised by the SFC pursuant to section 104 of the SFO. The SFC’s authorisation is not a recommendation or endorsement of the Fund and the Sub-Fund nor does it guarantee the commercial merits of the Fund and the Sub-Fund or their performance. It does not mean the Fund or the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

### **Selling restrictions**

**General:** No action has been taken to permit an offering of Units of the Sub-Fund or the distribution of this Prospectus or the Product Key Facts Statement in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus or the Product Key Facts Statement may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which

such offer or solicitation is not authorised. Further, Units of the Sub-Fund may not be offered or sold, directly or indirectly, to any persons for reoffering or resale, in any jurisdiction where such action is not authorised. Receipt of this Prospectus or the Product Key Facts Statement does not constitute an offer of Units of the Sub-Fund in those jurisdictions in which it is illegal to make such an offer.

**Australia:** The provision of this Prospectus to any person does not constitute an offer of an interest to that person or an invitation to apply for an interest. Any such offer or invitation will only be extended to a person in Australia if that person is: -

- (a) a sophisticated or professional investor for the purposes of section 708 of the Corporations Act of Australia; and
- (b) a wholesale client for the purposes of section 761G of the Corporations Act of Australia.

This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia.

This document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act. It is not required to, and does not, contain all the information which would be required in a disclosure document or a product disclosure statement. It has not been lodged with the Australian Securities and Investments Commission.

Any person to whom an interest is issued or sold must not, within 12 months after the issue, offer, transfer or assign that interest to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act.

**Canada:** The Units in the Fund and the Sub-Fund which are described in this Prospectus have not been and will not be registered for distribution in Canada and may not be directly or indirectly offered or sold in Canada to or for the account or benefit of any resident of Canada, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of Canada and/or its provinces and where the resident of Canada is able to demonstrate and certify that they are able to purchase the relevant Fund/Sub-Fund and are “Permitted Clients”.

**New Zealand:** The provision of this Prospectus to any person does not constitute an offer of financial products for issue or sale in, or to any person in, New Zealand for the purposes of the New Zealand Financial Markets Conduct Act 2013 (“**NZ Act**”) and, accordingly, there is neither a product disclosure statement (“**PDS**”) nor any other register entry information available in respect of the offer (and, to avoid doubt, this document is neither a registered PDS nor any type of entry information for the purposes of the NZ Act).

No person may: -

- (a) offer, sell or deliver any Units, or distribute any documents relating to the Units (including this document), to any person within New Zealand; or
- (b) apply for Units from New Zealand.

The foregoing does not preclude the Manager from electing to offer, in the Manager's sole discretion, Units to certain persons or types of persons in New Zealand from time to time.

**United States:** Potential investors should note the following:-

- (a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and
- (b) the Fund and the Sub-Fund have not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Some of the information in this Prospectus is a summary of corresponding provisions in the Trust Deed. Investors should refer to the Trust Deed for further details.

**Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the Sub-Fund will be achieved. Investors should read the Prospectus, particularly the section headed "Risk Factors", before making their investment decisions.**

#### **Enquiries and Complaints**

Investors or Unitholders may contact the Distributor for enquiries and/or complaints relating to the Fund and the Sub-Fund. The functions of the Distributor include, inter alia, dealing with all enquiries and complaints in relation to the Fund and the Sub-Fund and generally representing the Manager in Hong Kong.

The address of the Distributor is 41/F Champion Tower, Three Garden Road, Central, Hong Kong, and the Distributor can also be contacted by telephone at 852 3128 6000. A written response with respect to a complaint and/or enquiry would generally be provided as soon as possible and within 30 calendar days from the relevant complaint and/or enquiry.

#### **Further Information**

Investors may access the website of the Manager at [www.invesco.com.hk](http://www.invesco.com.hk) for further information on the Fund and the Sub-Fund, including this Prospectus and the Product Key Facts Statement, annual and semi-annual reports and latest Net Asset Values. This website has not been reviewed or authorised by the SFC.

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## **DIRECTORY OF PARTIES**

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### **Manager**

**Invesco Hong Kong Limited**  
41/F Champion Tower  
Three Garden Road, Central  
Hong Kong

### **Trustee and Registrar**

**State Street Trust (HK) Limited**  
68th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### **Directors of the Manager**

LO, Andrew Tak Shing  
GREENWOOD, John Gerald  
LEE, Siu Mei  
SIMPSON, Jeremy Charles  
TONG, Seen Ming Anna  
PAN, San Kong Terry  
FRANC, Martin Peter

### **Distributor**

**Invesco Asset Management Asia Limited**  
41/F Champion Tower  
Three Garden Road, Central  
Hong Kong

### **Administrator**

**State Street Trust (HK) Limited**  
68th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### **Custodian**

**State Street Bank and Trust Company**  
68th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### **Solicitors to the Manager**

**Deacons**  
5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

### **Auditors**

**PricewaterhouseCoopers**  
22/F., Prince's Building  
10 Chater Road, Central  
Hong Kong

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## DEFINITIONS

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The defined terms used in this Prospectus have the following meanings:-

### **"Accounting Date"**

31 March in each year or such other date or dates in each year as the Manager may from time to time select in respect of the Sub-Fund after consultation with the Trustee and notification to the Unitholders of the Sub-Fund. The first Accounting Date of the Sub-Fund is 31 March 2020

### **"Accounting Period"**

a period commencing on the date of establishment of the Fund or the Sub-Fund (as the case may be) or on the date next following an Accounting Date of the Sub-Fund and ending on the next succeeding Accounting Date for the Sub-Fund

### **"Administrator"**

State Street Trust (HK) Limited or such other entity as may be appointed by the Manager as administrator of the Fund and the Sub-Fund

### **"Application Form"**

the prescribed application form for the subscription of Units and for the avoidance of doubt, the Application Form does not form part of this Prospectus

### **"Base Currency"**

USD

### **"Business Day"**

a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Trustee and Manager may determine from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise

### **"China" or "PRC"**

the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this Prospectus

### **"Class"**

means any class of Units in issue in relation to the Sub-Fund

### **"Class Currency"**

in relation to a Class in the Sub-Fund, means the currency of account of such Class as specified under *"Investing in the Sub-Fund - Classes of Units"*

### **"Code"**

the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, as may be relevant to an authorised unit trust in Hong Kong as may be amended from time to time

### **"connected person"**

in relation to a company, means:

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above

### **"Custodian"**

State Street Bank and Trust Company or any other person appointed by the Trustee as the global custodian of the Fund and the Sub-Fund

### **"Dealing Cut-off Point"**

5.00 p.m. (Hong Kong time) on each Business Day, or such other time as the Manager and the Trustee may determine from time to time and notify in advance to Unitholders for the receipt of subscription, redemption and switching applications in relation to the Sub-Fund or the relevant Class or Classes. In exceptional circumstances, the Manager and the Trustee may at their absolute discretion extend the Dealing Cut-off Point

### **"Distributor"**

Invesco Asset Management Asia Limited or such other person or institution as may be appointed as Distributor by the Manager from time to time

### **"Fund"**

Invesco Trust Series

### **"Hong Kong"**

Hong Kong Special Administrative Region of the PRC

### **"HK\$" or "HKD"**

Hong Kong Dollars, the lawful currency of Hong Kong

### **"HKFRS"**

Hong Kong Financial Reporting Standards

### **"Initial Offer Period"**

from 15 July 2019 to 26 July 2019, or such other period as the Manager may determine for the purpose of making an initial offer of Units of the Sub-Fund or a Class or Classes relating to the Sub-Fund

### **"Initial Offer Price"**

the price per Unit during the Initial Offer Period as specified under *"Investing in the Sub-Fund - Initial Offer"*

### **"Investment Manager"**

the discretionary investment manager appointed from time to time by the Manager to perform discretionary portfolio management and/or such other functions as agreed in respect of the Sub-Fund, the details of which are specified in this Prospectus (if applicable)

### **"Manager"**

Invesco Hong Kong Limited in its capacity as the manager of the Fund and the Sub-Fund



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## DEFINITIONS CONTINUED

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**“Maturity Date”**

on or about 28 January 2022

**“Minimum Aggregate Investment Amount”**

the total minimum subscription amount to be received on or prior to the close of the Initial Offer Period, being USD 100 million, or such other minimum amount as may be determined by the Manager at its sole discretion

**“Minimum Initial Subscription Amount”**

the minimum initial investment for Units in the Sub-Fund or a Class of Units and as specified under *“Investing in the Sub-Fund – Minimum Initial Subscription Amount”*

**“Minimum Holding Amount”**

the minimum number or value of Units of the Sub-Fund or Class of Units which must be held by any Unitholder and as specified under *“Redemption of Units – Minimum Redemption Amount and Minimum Holding Amount”*

**“Minimum Redemption Amount”**

the minimum number or value of Units of the Sub-Fund or Class of Units to be redeemed by any Unitholder in respect of a partial redemption of Units and as specified under *“Redemption of Units – Minimum Redemption Amount and Minimum Holding Amount”*

**“Net Asset Value”**

the net asset value of the Sub-Fund or, as the context may require, of a Unit of the Class or Classes relating to the Sub-Fund, calculated in accordance with the provisions of the Trust Deed and as summarised below under *“Valuation and Suspension – Calculation of Net Asset Value”*

**“Prospectus”**

this Prospectus, as may be amended, updated or supplemented from time to time

**“Redemption Charge”**

the redemption charge (if any) payable upon redemption of Units and as specified under *“Redemption of Units – Redemption Charge”*

**“Redemption Form”**

the prescribed redemption form for the redemption of Units and for the avoidance of doubt, the Redemption Form does not form part of this Prospectus

**“Redemption Price”**

the price at which Units will be redeemed as determined in accordance with the Trust Deed and as described below under *“Redemption of Units – Redemption Price”*

**“Registrar”**

State Street Trust (HK) Limited in its capacity as the registrar of the Fund and the Sub-Fund or such other entity as may be appointed from time to time as the registrar of the Fund and the Sub-Fund

**“Securities Market”**

any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded

**“Semi-Annual Accounting Date”**

30 September in each year or such other date or dates in each year as the Manager may from time to time select in respect of the Sub-Fund and notify to the Trustee and the Unitholders of the Sub-Fund. The first Semi-Annual Accounting Date of the Sub-Fund is 30 September 2020

**“Settlement Date”**

the Settlement Date in the case of redemptions shall be the third Business Day after receipt by the Registrar of the required documentation. If on such third Business Day, banks are not open for business in the country of the currency of settlement, then the Settlement Date will be on the next Business Day on which those banks in that country are open

**“SFC”**

the Securities and Futures Commission of Hong Kong

**“SFO”**

the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended

**“Sub-Fund”**

Invesco Global Bond Fixed Maturity Fund 2022, a separate pool of assets of the Fund that is invested and administered separately

**“Subscription Charge”**

the subscription charge (if any) payable on the issue of Units and as specified under *“Investing in the Sub-Fund – Subscription Charge”*

**“Switching Fee”**

the switching fee (if any) payable on the switching of Units and as specified under *“Switching – Switching Fee”*

**“Switching Form”**

the prescribed switching form for the switching of Units and for the avoidance of doubt, the Switching Form does not form part of this Prospectus

**“Trust Deed”**

the trust deed dated 30 June 2015 establishing the Fund and entered into by the Manager and the Trustee (as amended from time to time)

**“Trustee”**

State Street Trust (HK) Limited in its capacity as trustee of the Fund and the Sub-Fund or such other entity as may be appointed from time to time as the trustee of the Fund and the Sub-Fund

**“Unit”**

a unit in the Sub-Fund

**“Unitholder”**

a person registered as a holder of a Unit

**“U.S.”**

United States of America

**“US\$” or “USD”**

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## **DEFINITIONS CONTINUED**

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US Dollars, the lawful currency of the United States of America

**“Valuation Day”**

each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Units falls to be calculated or such other day as the Manager and the Trustee may from time to time determine, either generally or in relation to the Sub-Fund or a Class of Units

**“Valuation Point”**

the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to the Sub-Fund or a Class of Units

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## THE FUND AND THE SUB-FUND

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The Fund is an open-ended unit trust established as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

The Fund is organised as an umbrella fund and this Prospectus sets out details of the Sub-Fund, a sub-fund of the Fund, and its Class or Classes of Units. Subject to any applicable regulatory requirements and approvals, the Manager may in its sole discretion create further sub-funds of the Fund or determine to issue additional Classes or multiple Classes in relation to the Sub-Fund in the future.

Each sub-fund of the Fund is established as a separate trust under the Trust Deed, and the assets of each sub-fund will be invested and administered separately from the assets of, and shall not be used to meet liabilities of, the other sub-fund(s). Investors should, however, note the risk factors headed ***“Umbrella structure of the Fund and segregated liability between sub-funds of the Fund”*** and ***“Cross-Class liability”*** under the ***“Risk Factors”*** section of this Prospectus.

Each Class of Units within the Sub-Fund will be denominated in the Class Currency thereof, which may be the Base Currency of the Sub-Fund or such other currency of account as specified under ***“Investing in the Sub-Fund - Classes of Units”*** below.

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## MANAGEMENT AND ADMINISTRATION OF THE FUND AND THE SUB-FUND

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### *Manager*

The Manager is Invesco Hong Kong Limited, a wholly owned subsidiary of Invesco Ltd. The Manager is licensed to carry out asset management activities pursuant to the SFO. Invesco Hong Kong Limited was formed in Hong Kong in 1972. The Manager specialises in investment research and fund management in the Asia Pacific with other Invesco Ltd. Group companies in Hong Kong, China, Taiwan, Singapore, Japan and Australia. The directors of the Manager are LO, Andrew Tak Shing, GREENWOOD, John Gerald, LEE, Siu Mei, SIMPSON, Jeremy Charles, TONG, Seen Ming Anna, PAN, San Kong Terry and FRANC, Martin Peter.

Invesco Ltd. is listed on the New York Stock Exchange. Invesco Ltd. and its predecessors have over 130 years' experience in fund management.

The Manager undertakes the management of the assets of the Fund and the Sub-Fund. The Manager may appoint Investment Managers to perform discretionary portfolio management and/or such other functions as agreed in respect of the Sub-Fund, subject to prior SFC approval. In the event that an Investment Manager is appointed by the Manager in respect of the Sub-Fund, at least one month's prior notice will be provided to Unitholders and this Prospectus will be updated to include such appointment.

The Manager shall manage the Sub-Fund in the best interests of Unitholders, and fulfill the duties imposed on it by the general law governing the Fund. The Manager shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense. Subject to the foregoing, the Manager shall not be liable for any loss, costs or damages that may arise as a result of the Manager exercising its duties, powers, authorities and discretions vested in the Manager by the Trust Deed.

### *Trustee and Registrar*

The Trustee of the Fund is State Street Trust (HK) Limited, which is a registered trust company in Hong Kong. The Trustee also acts as Registrar of the Fund and the Sub-Fund and will be responsible for the keeping of the register of Unitholders.

The Trustee is an indirect wholly owned subsidiary of State Street Bank and Trust Company, which is a bank licensed under the Banking Ordinance (Cap. 155 Laws of Hong Kong).

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and the Sub-Fund, and such assets will be dealt with pursuant to the terms of the Trust Deed. The Trustee also acts as Registrar of the Fund and the Sub-Fund and will be responsible for keeping the register of Unitholders. The Trustee may, from time to time, with the prior notification to the Manager, appoint such person or persons (including a connected person) as custodian or co-custodian in respect of the whole or any part of the assets of the Sub-Fund and may empower any such custodian or co-custodian to appoint, with no objection in writing of the Trustee, sub-custodians. The fees and expenses of such custodian, co-custodian and sub-custodians or any persons appointed by the Trustee in relation to the Sub-Fund shall be paid out of the Sub-Fund.

The Trustee shall (A) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of its agent, nominee, custodian, co-custodian or sub-custodian to hold any of the investments of the Fund or the Sub-Fund (each a "**Correspondent**"); and (B) be responsible during the term of appointment of each Correspondent for satisfying itself that such persons retained remain suitably qualified and competent to provide services to the Fund or the Sub-Fund. Provided that the Trustee has discharged its obligations set out in (A) and (B) the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is a connected person of the Trustee as if the same were the act or omission of the Trustee. The Trustee shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

The Trustee shall not be responsible for any act or omission of or fraud, negligence, breach of contract, misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence or insolvency of: (a) Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such depositary or clearing and settlement system in relation to any investment deposited with such depositary or clearing and settlement system; or (b) any lender or a nominee appointed by the lender in whose name any assets of the Sub-Fund are registered pursuant to a borrowing undertaken for the account of the Sub-Fund.

Under the Trust Deed, the Trustee and its directors, officers and employees shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all legal, professional and other similar expenses) or demands to which it (or they) may be put or asserted against, or may incur or suffer, whether directly or indirectly, or which are or may be imposed on the Trustee acting as trustee or registrar in performing its obligations or functions or exercising its duties, powers, authorities and discretions vested in the Trustee or the Registrar relating to the Sub-Fund and the Trustee shall for such purposes have recourse to the assets of the Sub-Fund or any part thereof and in this connection shall be entitled to realise such property of the Sub-Fund in such manner and at such time as the Trustee thinks fit, upon giving the Manager prior written notice, but shall not have a right of recourse to the assets of any other sub-fund of the Fund. Notwithstanding the foregoing, the Trustee shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

The Manager is solely responsible for making investment decisions in relation to the Fund and/or the Sub-Fund.

The Trustee is not responsible for the preparation or issue of this Prospectus other than the disclosures on the profiles of the Trustee as set out herein.

### *Custodian*

The Trustee has appointed State Street Bank and Trust Company to act as the Custodian of the Fund and the Sub-Fund.

### *Administrator*

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## MANAGEMENT AND ADMINISTRATION OF THE FUND AND THE SUB-FUND CONTINUED

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State Street Trust (HK) Limited has been appointed by the Manager to provide accounting, Net Asset Value calculation and other administrative services.

### *Distributors*

The Manager may appoint one or more Distributor(s) to market, promote, sell and/or distribute Units of the Sub-Fund, and to receive applications for subscription, redemption and/or switching of Units.

Where application for Units is made through a Distributor, Units may be registered in the name of a nominee company of the Distributor through whom the applicant applies for the Units. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Units are registered to take action on his/her behalf.

Investors who apply for subscription, redemption and/or switching of Units through Distributor(s) should note that such Distributor(s) may impose earlier dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Distributor(s) concerned.

The Manager may pay or share any of the fees received by it (including any Subscription Charge, Redemption Charge, Switching Fee and management fees) with such Distributors. For the avoidance of doubt, any fees, costs and expenses payable to the Distributor(s) arising out of any advertisement or promotional activities in connection with the Fund or the Sub-Fund will not be paid from the assets of the Fund or the Sub-Fund.

### *Other Service Providers*

The Trustee or the Manager may appoint other service providers to provide services in respect of the Sub-Fund.

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## INVESTMENT CONSIDERATIONS

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### *Investment Objective*

The Sub-Fund aims to generate income throughout the investment period and return the initial investment capital upon maturity (for the avoidance of doubt, the Sub-Fund is not a guarantee or capital-protected product). The Sub-Fund seeks to achieve its investment objective by providing Unitholders with exposure to a buy-and-hold portfolio of USD denominated global fixed income instruments with active risk monitoring and primarily investing in Investment Grade fixed income instruments over a fixed investment period of 2.5 years from the close of the Initial Offer Period up to the Sub-Fund's Maturity Date (as defined below).

### *Investment Policies*

The Sub-Fund will invest primarily (i.e. at least 70% of its Net Asset Value) in a portfolio of global fixed income instruments denominated in USD issued by issuers selected by the Manager at its discretion (such as governments, government agencies, supranational entities, corporations, financial institutions and banks), which may include issuers located in emerging as well as developed markets.

The Sub-Fund will invest:

- more than 70% of the Net Asset Value in Investment Grade fixed income instruments; and
- less than 30% of the Net Asset Value in non-Investment Grade fixed income instruments and unrated fixed income instruments.

**"Investment Grade"** is defined as BBB- or above from Standard & Poor's, Baa3 or above from Moody's, BBB- or above from Fitch or an equivalent rating from an internationally recognized credit rating agency. For the avoidance of doubt, if the ratings of the fixed income instruments amongst credit rating agencies differ, the highest available rating assigned by an internationally recognized credit agency will be used for the purpose of this determination. Any fixed income instruments which are not rated by any international rating agency such as Moody's, Standard & Poor's and Fitch will be considered as "unrated".

The Sub-Fund will invest primarily in USD denominated fixed income instruments and may invest in derivative instruments for hedging purposes only. The Sub-Fund may not invest more than 40% of its Net Asset Value in USD denominated fixed income instruments issued or guaranteed by a single country and may not invest more than 10% of its Net Asset Value in sovereign securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) that has a credit rating below Investment Grade or is unrated. In particular, investors should note that the Sub-Fund may invest more than 30% of its Net Asset Value in offshore USD denominated fixed income instruments issued or guaranteed by Chinese entities with significant exposure in China.

In addition, the Sub-Fund may invest not more than 30% of its Net Asset Value in aggregate in perpetual bonds and convertible bonds (including contingent convertible securities).

The Sub-Fund will not invest in equities, collective investment schemes, asset-backed securities (including mortgage-backed securities) or asset-back commercial paper.

The Sub-Fund will adopt a buy and hold strategy with active risk monitoring. The Manager will actively monitor and manage the risk level of the portfolio during the investment period. When the credit rating of an instrument or issuer falls below Investment Grade or its credit profile deteriorates in the opinion of the Manager after initial purchase, the Manager will, at its full discretion, decide whether to hold or sell such instrument after considering various factors, including but not limited to risk of default, time to maturity, liquidity and market price, and re-invest the sale proceeds in other fixed income instruments within the scope of the above investment strategy.

For the purposes of liquidity management, the Sub-Fund will be investing in high diversity of fixed income instruments through limiting the investment holding of each fixed income instrument to below 5% of the Net Asset Value of the Sub-Fund, and at the time of purchase, all fixed income instruments purchased should have a nominal issue size of at least USD 200 million. The Sub-Fund will not invest in private placement bonds.

The Manager will seek for the Sub-Fund to be fully invested, but may hold up to 40% of the Net Asset Value in investments in cash or cash equivalents during the investment period on an ancillary and temporary basis, in circumstances such as but not limited to the re-investment of cash proceeds from (a) fixed income instruments maturing before the Sub-Fund's maturity or being called prior to the fixed income instrument's maturity, or (b) the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Manager.

The maturity or remaining investment term of at least 70% of the Sub-Fund's underlying investments will be shorter than the Sub-Fund's investment period. Proceeds received from instruments maturing before the Maturity Date shall be reinvested or held in cash or cash equivalents, at the Manager's discretion. Furthermore, the Manager may hold up to 100% of the Sub-Fund's Net Asset Value in cash or cash equivalents during the two months prior to the Maturity Date in anticipation of the Sub-Fund's maturity.

The Sub-Fund is expected to have an investment period of approximately 2.5 calendar years and the Sub-Fund will be terminated automatically at the maturity which is expected to be on or around the Maturity Date. Unitholders will be notified by way of a termination notice at least one month prior to the Maturity Date to confirm the termination of the Sub-Fund. Any costs associated with such termination will be borne by the Sub-Fund. All Units will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date) according to the then Net Asset Value of the Sub-Fund. The costs associated with such termination are estimated to be approximately USD 18,000 and shall be amortised over the period from the close of the Initial Offer Period up to the Maturity Date.

### *Investment Restrictions*

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. The Sub-Fund is subject to the following principal investment restrictions:-

- (a) not more than 10% of the latest available Net Asset Value of the Sub-Fund may consist of securities issued by a single issuer (other than Government and other public securities);

## INVESTMENT CONSIDERATIONS CONTINUED

- (b) the Sub-Fund may not hold more than 10% (when aggregated with the holdings of all the other sub-funds of the Fund) of any ordinary shares issued by any single issuer;
- (c) not more than 15% of the latest available Net Asset Value of the Sub-Fund may consist of securities of any company neither listed, quoted nor dealt in on a Securities Market;
- (d) not more than 15% of the latest available Net Asset Value of the Sub-Fund may consist of warrants and options (in terms of the total amount of premium paid), other than warrants and options held for hedging purposes;
- (e) (i) not more than 10% of the latest available Net Asset Value of the Sub-Fund may in aggregate consist of shares or units in other collective investment schemes (namely “**underlying schemes**”) which are non-recognised jurisdiction schemes (as permitted under the Code) and not authorised by the SFC; (ii) not more than 30% of the latest available Net Asset Value of the Sub-Fund may consist of shares or units in an underlying scheme which is a recognised jurisdiction scheme (i.e. a UCITS III scheme which is domiciled in Luxembourg, Ireland or the United Kingdom, whether or not authorised by the SFC) or an SFC-authorized scheme unless the underlying scheme is authorised by the SFC and the name and key investment information of the underlying scheme are disclosed in the Prospectus; provided that
  - (1) no investment may be made in an underlying scheme the investment objective of which is to invest primarily in any investment prohibited under Chapter 7 of the Code;
  - (2) where the investment objective of such underlying scheme is to invest primarily in investments restricted under Chapter 7 of the Code, such holdings may not be in contravention of the relevant limitation;
  - (3) all initial charges on the underlying scheme must be waived if the underlying scheme is managed by the Manager or any of its connected persons; and
  - (4) the Manager may not obtain a rebate on any fees or charges levied by such underlying scheme or its manager;
- (f) not more than 20% of the latest available Net Asset Value of the Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities), and of future contracts by reference to the net total aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding futures contracts (other than futures contracts entered into for hedging purposes);
- (g) notwithstanding paragraphs (a) and (b) above, not more than 30% of the latest available Net Asset Value of the Sub-Fund may consist of Government and other public securities of the same issue;
- (h) subject to paragraph (g) above, the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues; and

- (i) if the name of the Sub-Fund indicates a particular objective, geographic region or market, the Sub-Fund must invest at least 70% of its non-cash assets in securities and other investments to reflect the particular objective or geographic region or market which the Sub-Fund represents.

For the purpose of this section, “**Government and other public securities**” means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (“**OECD**”) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing. “**Government and other public securities**” will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

The Manager shall not on behalf of the Sub-Fund:-

- (i) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or collectively the directors and the officers of the Manager own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies or interests in real estate investment trusts);
- (iii) make short sales if as a consequence the liability of the Sub-Fund to deliver securities would exceed 10% of the latest available Net Asset Value of the Sub-Fund (and for this purpose securities sold short must be actively traded on a Securities Market where short selling is permitted);
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of all call options written on behalf of the Sub-Fund would exceed 25% of the latest available Net Asset Value of the Sub-Fund;
- (vi) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee;
- (vii) enter into any obligation on behalf of the Sub-Fund or acquire any asset for the account of the Sub-Fund which involves the assumption of any liability which is unlimited; or
- (viii) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund, the amount of which has not already been taken into account for the purposes of paragraph (v) above.

### *Borrowing Restrictions*

The Manager may borrow up to 10% of the latest available Net Asset Value of the Sub-Fund to acquire investments, to meet redemption requests or to pay expenses relating to the Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of the Sub-Fund may be charged or pledged as security for any such borrowings.

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## INVESTMENT CONSIDERATIONS CONTINUED

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### *Breach of Investment and Borrowing Restrictions*

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders.

### *Derivatives Usage*

The Sub-Fund may invest in derivative instruments for hedging purposes only.

### *Securities Lending and Repurchase / Reverse Repurchase Transactions*

The Manager currently does not intend to enter into any securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. The approval of the SFC will be sought and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

### *Liquidity Risk Management*

Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a significant loss.

The Manager is responsible for monitoring the liquidity risk of the Sub-Fund on a day-to-day basis. Risk controls (including liquidity risks) are embedded within the investment management discipline which includes review and oversight processes. The Manager's Hong Kong Risk Team (working with the Global Performance Measurement and Risk (GPMR) Team), which is a risk management team that is functionally independent from the day-to-day portfolio investment function, undertakes risk monitoring and reporting on behalf of the Manager and provides reports for the oversight of the various investment team disciplines to senior management of the Manager.

The risk management of the Sub-Fund (including liquidity risks) is also embedded in the portfolio construction process. In particular, the Manager will cap the exposure of each fixed income instrument at 5% of the Sub-Fund's Net Asset Value and, at the time of purchase, all fixed income instruments purchased should have a nominal issue size of at least USD 200 million to minimise the likelihood that the Sub-Fund may invest in illiquid debt securities with small issue sizes. The Sub-Fund will not invest in private placement bonds.

The Manager principally uses the following sensitivity measures as part of its ongoing risk management process:

- Duration
- Spread duration
- Convexity
- Duration Times Spread (DTS).

From a qualitative standpoint, the portfolio manager will meet with their respective investment function within Invesco Group on a regular basis to discuss strategy characteristics and positioning. The portfolio manager will assess the liquidity of individual security based on various considerations, including but not limited to stress tests conducted by the Hong Kong Risk Team (working with the GPMR Team) at the portfolio level on a regular basis. This allows the portfolio manager to respond proactively when liquidity scenario arises, which will be monitored on a daily basis by the GPMR Team.

The Manager is equipped with necessary tools and techniques in meeting liquidity needs in an orderly manner. The following tools may be employed by the Manager to manage liquidity risks:

- the Manager may limit the number of Units of the Sub-Fund redeemed on any Business Day to 10% of the total number of Units of the Sub-Fund in issue (subject to the conditions under the section headed "**Redemption of Units - Restrictions on Redemption**"). If such limitation is imposed, this would restrict the ability of a Unitholder to redeem in full the Units he intends to redeem on a particular Business Day;
- the Manager may suspend redemption under exceptional circumstances as set out in the section headed "**Valuation and Suspension - Suspension**". During such period of suspension, Unitholders would not be able to redeem their investments in the Sub-Fund;
- the Manager may, in calculation of the Redemption Price, deduct fiscal and sale charges (please refer to the section headed "**Redemption of Units - Redemption Price**"), to protect the interest of remaining Unitholders. Please also refer to the section headed "**Valuation and Suspension - Adjustment of Prices**" for details. As a result of such adjustment, the Redemption Price will be lower than the Redemption Price which otherwise would be if such adjustment has not been made.

Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risks.



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## RISK FACTORS

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Investors should consider the following risks before investing in the Sub-Fund. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Sub-Fund is suitable for them, they should obtain independent professional advice.

### *Risk of not achieving investment objective*

There is no assurance that the investment objective of the Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in the Sub-Fund. As a result, each investor should carefully consider whether he can afford to bear the risks of investing in the Sub-Fund.

### *General investment risk*

Investments involve risks. The Sub-Fund is not principal guaranteed. There is no guarantee of the repayment of principal. Investment in the Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. There is no guarantee that in any time period, particularly in the short term, the Sub-Fund's portfolio will achieve appreciation in terms of capital growth. The Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. 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. The price of Units of the Sub-Fund and the income from them may go down as well as up.

### *Market risk*

Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors' expectations, which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the Net Asset Value per Unit of the Sub-Fund. The price of Units and the distributions from them may go down as well as up.

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Fund.

In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets, there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons and as a result, may have adverse impact to the Sub-Fund and its investors.

*Neither income, return nor capital of the Sub-Fund is guaranteed or protected*

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. Neither the income, the return nor the capital of the Sub-Fund is guaranteed. The value of investments and the income derived from such investments may fall as well as rise. There are risks that investors may not recoup the original amount invested in the Sub-Fund during the investment period as well as at the Maturity Date. Investment in the Sub-Fund may decline in value and investors should be prepared to sustain a substantial or total loss of their investment.

### *Limited duration risk*

Investors should note that the duration of the Sub-Fund is limited (i.e. up to the Maturity Date). The Sub-Fund will be terminated automatically at maturity and is expected to have an investment period of approximately 2.5 calendar years. Although investors are entitled to redeem their holdings in the Sub-Fund during the investment period, they are advised to consider whether the expected investment period of 2.5 calendar years is suitable for their intended objectives before they invest in the Sub-Fund. In view of the Sub-Fund's operational features, in case investors redeem from the Sub-Fund before the Maturity Date,

- (a) neither the income nor the capital of the Sub-Fund is guaranteed at maturity and redemption of units prior to the Maturity Date will be subject to the value of the portfolio of instruments held by the Sub-Fund. Therefore, redemption proceeds may be lower or higher than the investors' initial investments and there is no guarantee that the investor will receive the full amount of their original investment;
- (b) the decrease in fund size of the Sub-Fund resulting from the redemptions will have an immediate impact on the ongoing charges figure (as a percentage of the Sub-Fund's Net Asset Value), and may lead to adverse impact on investors' return;
- (c) the redemptions by investors prior to the Maturity Date, if significant, may trigger the early termination of the Sub-Fund (details of triggering events are set out under the section "**Early termination risk**"); and
- (d) deterioration in the liquidity of the Sub-Fund's underlying investments may also affect the Sub-Fund's ability to pay out redemption or termination proceeds to investors.

### *Prepayment and reinvestment risk*

The issuers of fixed income instruments (especially those issued at high interest rates) may repay principal before the maturity of the instruments. Prepayments may cause losses on instruments purchased at a premium. Unscheduled prepayments for fixed income instruments issued at par may result in a loss equal to any unamortised premium. Repayment of principal before the Sub-Fund's maturity as well as the re-investment of cash proceeds from the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Manager create out of market risk and the uncertainty of gaining access to fixed income instruments delivering similar yield to maturity resulting in lower interest income and returns to the Sub-Fund.

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## RISK FACTORS CONTINUED

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### *Early termination risk*

The Sub-Fund may be terminated in certain circumstances which are summarised under the section "**General Information - Termination of Fund or the Sub-Fund**", including where, on any date, in relation to the Sub-Fund, the aggregate Net Asset Value of the Units outstanding thereunder shall be less than USD 30 million or its equivalent, or a Class of Units may be terminated where the aggregate Net Asset Value of the Units outstanding in respect of such Class of Units shall be less than USD 10 million or its equivalent, or where Unitholders resolve to terminate the Fund, the Sub-Fund and/or any Class of Units by extraordinary resolution. Unitholders will be notified by way of a termination notice at least one month prior to the early termination date. Upon the termination of the Sub-Fund, all the assets of the Sub-Fund will be realised and the net proceeds thereof which are available for distribution will be distributed to relevant Unitholders with reference to the number of Units held by them. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to investors. Investors should note that the amount distributed to them may be less than the amount of their initial investment. For the avoidance of doubt, any termination costs which have been amortised up to the early termination date will be utilised to pay the Sub-Fund's expenses associated with the termination and any expenses in excess will be borne by the Manager.

### *Limited subscription risk*

With regard to the Sub-Fund's Initial Offer Period, the Manager may exercise its discretion to extend the Initial Offer Period or not to issue any Units in the event that (i) the Minimum Aggregate Investment Amount is not received during the Initial Offer Period; or (ii) the Manager, is of the opinion that it is not in the commercial interests of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with such launch. In such case, investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to proceed with the launch. In the event that the Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period. In addition, the Sub-Fund will be closed to subsequent subscriptions after the Initial Offer Period.

### *Volatility risk*

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control policies, national and international political and economic events, and the inherent volatility of the market place. 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.

### *Risks relating to fixed income instruments*

- *Credit risk*

Investment in fixed income instruments involve credit risk of the issuers. An issuer suffering an adverse change in its financial condition could lower the credit quality of an instrument, leading to greater price volatility of the instrument. A lowering of the credit rating of an instrument or its issuer may also affect the instrument's liquidity, making it more difficult to sell. The Sub-Fund's investment is also subject to the risk that issuers may not make timely payments on principal and/or interests of the instruments they issue. If the issuers of any of the instruments in which the Sub-Fund's assets are invested default, the value of the relevant instruments and hence the Sub-Fund will be adversely affected.

The fixed income instruments that the Sub-Fund invests in may be offered on an unsecured basis without collateral. In such circumstances, the Sub-Fund will rank equally with other unsecured creditors of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the relevant fixed income instrument issued by it only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor and may suffer a total loss on the securities if the counterparties default.

The Sub-Fund may hold cash and deposits in banks or other financial institutions and the extent of governmental and regulatory supervision may vary. The Sub-Fund might suffer a significant or even total loss in the event of insolvency of the banks or financial institutions.

- *Credit ratings risk*

The ratings of fixed income instruments by Moody's, Standard & Poor's and Fitch are a generally accepted barometer of credit risk. They are, however, subject to certain limitations and do not guarantee the creditworthiness of the instrument and/or issuer at all times. The rating of an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. Rating agencies might not always change their credit rating of an issuer in a timely manner to reflect events that could affect the issuer's ability to make scheduled payment on its obligations. In addition, there may be varying degrees of difference in credit risk of instruments within each rating category. These factors may have an adverse impact on the Sub-Fund and its investors.

- *Credit rating downgrading risk*

The credit rating assigned to a fixed income instrument or an issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, Investment Grade fixed income instruments may be subject to the risk of being downgraded to below Investment Grade fixed income instruments. Similarly, an issuer having an Investment Grade rating may be downgraded, for example, as a result of deterioration of its financial conditions. The risks of any such downgrading will vary over time. In the event of downgrading in the credit ratings of an instrument

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## RISK FACTORS CONTINUED

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or an issuer relating to an instrument, the Sub-Fund's investment value in such instrument may be adversely affected. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded, subject to the investment objectives of the Sub-Fund. In the event of Investment Grade instruments being downgraded to below Investment Grade instruments and such instruments continue to be held by the Sub-Fund, the Sub-Fund will also be subject to the below Investment Grade instruments risk outlined in the following paragraph and its investment value in such instruments may be adversely affected. Investments in below Investment Grade instruments carry a higher risk of default and therefore may adversely impact the Sub-Fund and/or the interests of investors.

- *Below Investment Grade and unrated instruments risk*

The Sub-Fund may invest in instruments which are below Investment Grade or which are unrated. Investors should note that such instruments would generally be considered to have a higher degree of counterparty risk and credit risk, lower liquidity, higher volatility and greater risk of loss of principal and interest than higher-rated, lower yielding fixed income instruments and may be subject to greater fluctuation in value and higher chance of default. If the issuer of instruments defaults, or such instruments cannot be realised or are realised at a significant discount, or perform badly, investors may suffer substantial losses. The market for these instruments may be less active, making it more difficult to sell the instruments. Valuation of these instruments is more difficult and thus the Sub-Fund's prices may be more volatile.

The value of lower-rated or unrated corporate bonds may be affected by investors' perceptions. When economic conditions appear to be deteriorating, below Investment Grade or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality. The value of the Sub-Fund may therefore be adversely affected.

- *Interest rates risk*

Changes in interest rates may affect the value of a fixed income instrument as well as the financial markets in general. Fixed income instruments are more susceptible to fluctuation in interest rates and may fall in value if interest rates change and this will adversely impact the Net Asset Value of the Sub-Fund. Generally, the prices of fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term fixed income instruments are usually more sensitive to interest rate changes. Therefore, an increase in interest rates may adversely affect the value of the fixed income instruments held by the Sub-Fund. If the fixed income instruments held by the Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected.

- *Valuation risk*

The value of fixed income instruments that the Sub-Fund invests in may be subject to the risk of mispricing or

improper valuation, i.e. operational risk that the fixed income instruments are not priced properly. Valuations of quoted or listed fixed income instruments are primarily based on the valuations from independent third party sources where the prices are available. However, in the case where independent pricing information may not at all times be available (such as in extreme market conditions or break down in the systems of third party sources), in which case the value of such fixed income instruments may be based on certification by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee. Valuations in such circumstance may involve uncertainties and judgemental determinations.

In the event of adverse market conditions where it is not possible to obtain any reference quotation from the market at the relevant time of valuation, the latest available quotations of the relevant fixed income instruments may be used to estimate the fair market value. Alternatively, the Manager after consultation with the Trustee may, permit some other method of valuation to be used to estimate the fair market value of such fixed income instruments including the use of quotation of other fixed income instruments with very similar attributes. Such valuation methodology may not equal to the actual liquidation price due to liquidity and size constraints. If valuation turns out to be incorrect, this may adversely affect the Net Asset Value calculation of the Sub-Fund.

The valuation of unlisted fixed income instruments is more difficult to calculate than listed fixed income instruments. Normally, unlisted fixed income instruments are valued at their initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unlisted fixed income instruments shall be determined on a regular basis by a professional person approved by the Trustee as qualified to value such unlisted fixed income instruments. Such professional person may value the unlisted fixed income instruments by reference to the prices of other comparable unlisted fixed income instruments. The trading of unlisted fixed income instruments may not be transparent and the prices of unlisted fixed income instruments may not be openly displayed. There is a risk that such professional person is not aware of all the trading in unlisted fixed income instruments and may use prices which may be historical only and may not reflect recent trading in the fixed income instruments concerned. In such circumstance, the valuation of the unlisted fixed income instruments may not be accurate as a result of incomplete price information. This may have an adverse impact on the calculation of the Net Asset Value of the Sub-Fund.

- *Unlisted fixed income instruments risk*

The fixed income instruments in which the Sub-Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the fixed income instruments are listed, the market for such fixed income instruments may be inactive and the trading volume may be low. In the absence of an active

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## RISK FACTORS CONTINUED

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secondary market, the Sub-Fund may need to hold the fixed income instruments until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments.

The price at which the fixed income instruments are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spread of the price of fixed income instruments in which the Sub-Fund invests may be large, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments.

- *Counterparty risk*

Investment in fixed income instruments may expose the Sub-Fund to counterparty default risks. Exchange traded fixed income instruments may be subject to counterparty risk, although such risk is mitigated by a centralised clearing system. On the other hand, the degree of counterparty risk may be higher in the over-the-counter (OTC) market, where deals are negotiated between two counterparties through a trading system. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant instrument or by payment for value. The value of the Sub-Fund may therefore be adversely affected.

- *Volatility and liquidity risk*

Fixed income instruments in emerging market countries may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of such instruments may be large and the Sub-Fund may incur significant trading costs.

- *Risk of investing in perpetual bonds*

The Sub-Fund is permitted to invest in perpetual bonds. Perpetual bonds (i.e. bonds without a maturity date) may be exposed to additional liquidity risk in certain market conditions. The liquidity for such investments in stressed market environments may be limited, negatively impacting the price they may be sold at, which in turn may negatively impact the Sub-Fund's performance.

### *Risks of investing in convertible bonds*

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

### *Contingent convertibles risk*

Contingent convertible bonds are a type of debt security, issued by a financial institution that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a pre-determined trigger event (the "trigger event") and can be exposed to several risks (including but not limited to):-

#### **Trigger level risk**

The trigger event is ordinarily linked to the financial position of the issuer and therefore the conversion is likely to occur as a result of a deterioration of the relative capital strength of the underlying. The relative risk associated with different contingent convertibles will depend on the distance between the current capital ratio and the effective trigger level. It is likely that the conversion to equity would occur at a share price, which is lower than when the bond was issued or purchased.

#### **Capital structure inversion risk**

In the case of a principal write down contingent convertible bond, it is possible that the holder could take a write down before equity holders, which is contrary to the typical capital structure hierarchy.

#### **Liquidity risk**

In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and it may be difficult to find a ready buyer which means that a significant discount may be required in order to sell the contingent convertible bonds.

#### **Call extension risk**

Contingent convertible bonds can also be issued as perpetual bonds (i.e. bonds without a maturity date). While these will have call dates, there is no guarantee that the issue will be called on this date and there is a possibility that the bond may never be called resulting in a total loss of the original capital investment.

#### **Unknown/uncertainty risk**

Contingent convertible bonds are a relatively new instrument and the trigger events are generally untested, therefore it is uncertain how the asset class will perform in stressed market conditions, and risk to capital and volatility could be significant.

#### **Coupon cancellation risk**

Coupon payments may be discretionary and can be cancelled at any time, for any reason.

#### **Valuation risk**

Investment in contingent convertible bonds may have a higher yield, however, they can carry higher risk than investment in traditional debt instruments/convertibles and in certain cases equities since coupon payments may be discretionary and can be cancelled at any time for any reason; the volatility and risk of loss can be significant.

Generally, convertible securities are subject to the risks associated with both fixed income securities and equities, namely credit, price and interest rate risk.

#### *Borrowing risks*

The Trustee, on the instruction of the Manager, may borrow for the account of the Sub-Fund for various reasons, such as

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## RISK FACTORS CONTINUED

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facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time. The value of the Sub-Fund may therefore be adversely affected.

### *Emerging markets risks*

Certain countries in which the Sub-Fund may invest are considered as emerging markets. Investment in emerging market countries may exhibit higher risk as the securities markets of emerging market countries are not as large as the more established securities markets and have substantially less trading volume. Also, investments in emerging markets will be sensitive to any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. There are increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/controls, political and economic uncertainties, policy, legal or regulatory event affecting the relevant markets and taxation risks, settlement risks, custody risks and the likelihood of a high degree of volatility. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk.

The securities markets of some of the emerging countries in which the Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital.

There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Fund's investments. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Underlying investments of emerging market funds may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which the Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date. These factors may have an adverse impact on the Sub-Fund and its investors.

### *China market risk*

The assets of the Sub-Fund may be invested in securities of companies or governments whose principal operations are based in China and additional risks may be encountered.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards.

Laws governing PRC taxation legislation will continue to change and may contain conflicts and ambiguities. These factors may have an adverse impact on the Sub-Fund and its investors.

### *Sovereign debt risks*

Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations issued or guaranteed by governments or their agencies of such countries may involve a high degree of risk, including political, social and economic risks. The willingness or ability of a governmental entity to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due and the relative size of the debt service burden to the economy as a whole.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others agencies abroad to reduce principal and arrearage on their debts. However, failure to implement economic reforms or achieve a required level of economic performance or repay debts when due may result in the cancellation of these third parties' commitments to continuously lend funds to a governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

In case of default, holders of sovereign debts (including the Sub-Fund) may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant governmental entities. In addition, the Sub-Fund may invest in securities issued or guaranteed by the government of a country with a sovereign credit rating below Investment Grade. The performance and value of the Sub-Fund could deteriorate should there be any adverse credit events in the sovereign, in particular if there is downgrading of the sovereign credit rating or a default or bankruptcy of a sovereign occurs. There are no bankruptcy proceedings by which sovereign debt on which a governmental entity has defaulted may be recovered in whole or in part. 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.

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## RISK FACTORS CONTINUED

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The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers. These factors may have an adverse impact on the Sub-Fund and its investors.

### *Concentration risk*

Since the Sub-Fund invests primarily in a portfolio of global fixed income instruments denominated in USD, the value of the Sub-Fund may be subject to greater volatility than a broad-based fund that adopts a more diversified strategy. This may have an adverse impact on the Sub-Fund and its investors.

### *China related concentration risk*

As the Sub-Fund may invest more than 30% of its Net Asset Value in offshore USD denominated fixed income instruments issued or guaranteed by Chinese entities with significant exposure in China, the value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market.

### *Settlement risk*

Settlement procedures in emerging countries are frequently less developed and less reliable and may involve the Sub-Fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. The Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

### *Custodial risk*

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by the Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

### *Counterparty risk*

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to the Sub-Fund. The Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and the Sub-Fund is prevented from exercising its rights with respect to the

investment in its portfolio, the Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

### *Currency and foreign exchange risk*

The Sub-Fund may issue Classes denominated in a currency other than its Base Currency. The Sub-Fund may be invested in part in assets quoted in currencies other than its Base Currency or the relevant Class Currency. The performance and Net Asset Value of the Sub-Fund will therefore be affected unfavourably by fluctuations in the exchange rates between the currencies in which the assets are held and the Base Currency or the relevant Class Currency, and by changes in exchange rate controls. Since the Manager aims to maximise returns for the Sub-Fund in terms of its Base Currency, investors may be exposed to additional currency risk. These risks may have adverse impact on the Sub-Fund and its investors.

The Sub-Fund may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. These risks may have adverse impact on the Sub-Fund and its investors.

Any changes in exchange control regulations may cause difficulties in the repatriation of funds. Dealings in the Sub-Fund may be suspended if the Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units. For further details on suspension of dealings in a Sub-Fund, please refer to the section headed "**Valuation and Suspension - Suspension**" below.

Further, as disclosed in the section headed "**Redemption of Units - Redemption Price**", if at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption proceeds are converted out of any other currency into the Base Currency or the Class Currency of the relevant Class there is an officially announced devaluation or depreciation of that currency as a result of market forces, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation. The relevant redeeming Unitholder may therefore be adversely affected by such devaluation or depreciation of currency.

### *Derivatives risk*

The Manager may make use of financial derivative instruments ("**FDIs**") for the purpose of hedging but will not use FDIs for investment purposes. Investments in FDIs may require a deposit or initial margin and additional deposit or margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the investment may be liquidated at a loss. Therefore, it is

## RISK FACTORS CONTINUED

essential that such investments in derivatives are monitored closely. The Manager has the necessary expertise and controls for investments in derivatives, and has in place systems to monitor the derivative positions of the Sub-Fund.

Although the use of FDIs in general may be beneficial or advantageous, derivatives involve risks which differ from, and are possibly greater than, the risks associated with more traditional securities investments. The risks presented by derivatives include but are not limited to market risk, management risk, credit risk, liquidity risk and leverage risk, and these may have an adverse impact on the value of the Sub-Fund.

### *Over-the-counter markets risk*

Over-the-counter (“OTC”) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of FDIs and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, the Sub-Fund entering into transactions on OTC markets will be subject to the risk of the counterparty’s insolvency, bankruptcy or default or a delay in settlement due to a credit or liquidity problem affecting the counterparty, as well as the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain substantial losses as a result.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments. These risks may have adverse impact on the Sub-Fund and its investors.

### *Hedging risk*

The Manager is permitted, but not obliged, to use hedging techniques such as using futures, options and/or forward contracts to attempt to offset currency and interest rate risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on the Manager’s expertise and hedging may become inefficient or ineffective. This may have adverse impact on the Sub-Fund and its investors. In adverse situations, the Sub-Fund may even suffer significant losses.

While the Sub-Fund may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates and market circumstances may result in a poorer overall performance of the Sub-Fund. The Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the Sub-Fund to risk of loss. In other words, there is no assurance that the use of hedging strategies, techniques and relevant instruments will fully and effectively eliminate the risk exposure of the Sub-Fund.

Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be

borne by the Sub-Fund in relation to which they have been incurred.

### *Liquidity risk*

Some of the markets in which the Sub-Fund invests may be less liquid and more volatile than the world’s leading stock markets and this may result in the fluctuation in the price of instruments traded on such markets. Certain instruments may be difficult or impossible to sell, and this would affect the Sub-Fund’s ability to acquire or dispose of such instruments at their intrinsic value. The Sub-Fund may be adversely affected by a decrease in market liquidity for the instruments in which it invests where some of the Sub-Fund’s instruments may become illiquid and the Sub-Fund may experience difficulties in selling instruments at a fair price within a timely manner. As a result, this may have adverse impact on the Sub-Fund and its investors.

### *Difficulties in valuation of investments*

Instruments acquired on behalf of the Sub-Fund may subsequently become illiquid due to events relating to the issuer of the instruments, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of the Sub-Fund’s portfolio instruments is available (for example, when the secondary markets on which an instrument is traded has become illiquid) the Manager may apply valuation methods to ascertain the fair value of such instruments.

In addition, market volatility may result in a discrepancy between the latest available issue and redemption prices for the Sub-Fund and the fair value of the Sub-Fund’s assets. To protect the interest of investors, the Manager may, in consultation with the Trustee, adjust the Net Asset Value of the Sub-Fund or the Units, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of the Sub-Fund’s assets.

Valuation of the Sub-Fund’s investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

### *Restricted markets risk*

The Sub-Fund may invest in instruments in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Sub-Fund may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.

### *Legal, tax and regulatory risk*

Legal, tax and regulatory changes could occur in the future. For example, the regulatory or tax environment for derivative instruments is evolving, and changes in their regulation or

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## RISK FACTORS CONTINUED

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taxation may adversely affect the value of derivative instruments. Changes to the current laws and regulations will lead to changes in the legal requirements to which the Sub-Fund may be subject, and may adversely affect the Sub-Fund and its investors.

### *Distributions risk*

Distributions may be made in respect of the Set Distribution Class. For Set Distribution Class, a high distribution yield does not imply a positive or high return.

Distributions from Set Distribution Class may be paid out of capital. In addition, the Manager may also, at its discretion, pay distributions out of gross income while paying all or part of the fees and expenses attributable to the Set Distribution Class out of the capital of the relevant Set Distribution Class, resulting in an increase in distributable income for payment of distributions and therefore paying distributions effectively out of the capital of the relevant Set Distribution Class. **Investors should note that the payment of distributions out of capital, 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 that original investment. Any distributions involving payment of dividends out of, or effectively out of, the capital may result in an immediate reduction of the Net Asset Value per Unit in respect of such Class of Units after the distribution date.** This will result in capital erosion and therefore constrain future capital growth for such Classes of Units together with the likelihood that the value of future returns would be diminished.

Investments in the Set Distribution Classes are not an alternative to a savings account or fixed-interest paying investment. The amount of distributions paid by Set Distribution Classes is unrelated to expected or past income or returns of these Unit Classes or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realized. Set Distribution Classes will continue to distribute in periods that the Sub-Fund has negative returns or is making losses, which further reduces the Net Asset Value of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.

In addition, the amount of distributions for the Set Distribution Classes will be fixed at the discretion of the Manager in terms of the relevant Class Currency and will not take into account the fluctuations in the exchange rate between the Base Currency of the Sub-Fund and the relevant Class Currency subsequent to the determination of the fixed amount of distributions in terms of the relevant Class Currency.

### *Umbrella structure of the Fund and segregated liability between sub-funds of the Fund*

The Trust Deed allows the Trustee and the Manager to issue Units in separate sub-funds of the Fund as separate trusts, and provides for the manner in which the liabilities are to be attributed across various sub-funds of the Fund. There should not be the potential for cross contamination of liabilities between sub-funds of the Fund. There can, however, be no categorical assurance that, should an action be brought against the Fund, the segregated nature of the sub-funds will be upheld in which

case the assets of the Sub-Fund could be used to discharge the liabilities of another sub-fund of the Fund. In such circumstances, the Sub-Fund and its investors may be adversely affected.

### *Cross-Class liability*

Multiple Classes of Units may be issued in relation to the Sub-Fund, with particular assets and liabilities of the Sub-Fund attributable to particular Classes. Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one class may have recourse to the assets attributable to other Classes. Although for the purposes of internal accounting, a separate account will be established for each Class, in the event of an insolvency or termination of the Sub-Fund (i.e. when the assets of the Sub-Fund are insufficient to meet its liabilities), all assets will be used to meet the Sub-Fund's liabilities, not just the amount standing to the credit of any individual Class and this may have an adverse impact on the relevant Unitholders. However, subject as noted above under **"Umbrella structure of the Fund and segregated liability between sub-funds of the Fund"**, the assets of the Sub-Fund may not be used to satisfy the liabilities of another sub-fund of the Fund.

### *Non-compliance with HKFRS*

The cost of establishment of the Sub-Fund and the costs associated with the termination of the Sub-Fund upon maturity will be amortised over the period from the close of the Initial Offer Period up to the Maturity Date. Investors should note that this policy of amortisation is not in accordance with HKFRS. However, the Manager has considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Sub-Fund. Further, the Manager believes that this policy is fairer and more equitable to the initial investors.

### *Foreign Account Tax Compliance Act*

Sections 1471 - 1474 (referred to as **"FATCA"**) of the US Internal Revenue Code of 1986, as amended (**"IRC"**) impose new rules with respect to certain payments to foreign (i.e. non-US) financial institutions (an **"FFI"**), such as the Fund and the Sub-Fund, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (**"IRS"**) to identify United States persons (within the meaning of the IRC) with interests in such payments. To avoid such withholding on payments made to it, a FFI, such as the Fund and the Sub-Fund (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an **"FFI Agreement"**) with the US IRS under which it will agree to identify its account holders who are United States persons and report certain information concerning such United States person and passive non-financial foreign entities (**"NFFEs"**) to the US IRS. Meanwhile, certain NFFEs are required to either certify to the financial institutions that they have no substantial US owners or no controlling persons that are specified US persons or report certain information with respect to their substantial US owners or controlling persons that are specified US persons.



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## RISK FACTORS CONTINUED

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In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all "withholdable payments" derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as "withholdable payments."

The Hong Kong government entered into an intergovernmental agreement with the US ("IGA") on 13 November 2014 for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under this "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Fund and the Sub-Fund) are required to enter into the FFI Agreement with the US IRS, register with the US IRS and comply with the terms of FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced withholdable payments made to them.

As an IGA has been entered into between Hong Kong and the US, it is expected that FFIs in Hong Kong (such as the Fund and the Sub-Fund) that comply with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to non-consenting U.S. accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those non-consenting U.S. accounts (provided that information regarding such non-consenting U.S. account holders is reported to the US IRS on an aggregate basis), but may be required to withhold tax on payments made to non-participating FFIs.

As of the date hereof, the Sub-Fund has registered with the U.S. IRS and agreed to comply with the requirements of the FFI Agreement.

The Fund and the Sub-Fund will endeavour to satisfy the requirements imposed under FATCA, the FFI Agreement and IGA to avoid any US withholding tax. In the event that the Fund or the Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Fund or the Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or the Sub-Fund may be adversely affected and the Fund or the Sub-Fund may suffer significant loss as a result.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or the Sub-Fund, or a risk of the Fund or the Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and the Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US IRS; (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions to the extent permitted by applicable laws and regulations; and/or (iii) deeming such Unitholder to have given notice to redeem all his Units in the Sub-Fund. The

Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

In the event that a Unitholder or prospective investor is determined to be a "US Account" based on the "self-certification", existing documentation and/or other documentary evidence provided, the Fund and/or the Sub-Fund is required to obtain "consent" to report from such Unitholder/investor in order to comply with FATCA requirements. If "consent" is not obtained from such Unitholder/investor or the Unitholder/investor fails to provide the necessary self-certification and/or other documentary evidence, the Fund and/or the Sub-Fund reserve the right to not open account for any new prospective investor or close the account in respect of an existing investor and/or report aggregate information of account balances, payment amounts and number of non-consenting US accounts to the US IRS pursuant to the IGA.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation.

### *Conflicts of interest; other activities of the Manager*

Various potential and actual conflicts of interest may arise from the overall investment activities of the Manager and its connected persons for their own accounts and the accounts of others. The Manager and its connected persons may invest for their own accounts and for the accounts of clients in various instruments that have interests different from or adverse to the instruments that are owned by the Sub-Fund. For more information, please refer to the section headed "**General Information - Conflicts of Interest**".

### *Substantial redemptions*

If there are substantial redemptions within a limited period of time, it may be difficult for the Sub-Fund to provide sufficient funds to meet such redemptions without liquidating positions prematurely at an inappropriate time or on unfavourable terms. The value of the Sub-Fund may therefore be adversely affected.

In view of the above, investment in the Sub-Fund should be regarded as long term in nature. The Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

## INVESTING IN THE SUB-FUND

### Classes of Units

Different Classes of Units are offered for the Sub-Fund. Although the assets attributable to each Class of Units of the Sub-Fund will form one single pool, each Class of Units may be denominated in a different Class Currency or may have a different charging structure with the result that the Net Asset Value attributable to each Class of Units of the Sub-Fund may differ. In addition, each Class of Units may be subject to different Minimum Initial Subscription Amount, Minimum Holding Amount and Minimum Redemption Amount. Investors should refer to the following for the available Classes of Units and the applicable minimum amounts.

Classes	Available to	Minimum Initial Subscription Amount (in any of the dealing currencies listed in the Application Form)	Minimum Holding (in the currency in which the Unit class is denominated)	Subscription Charge
A	All investors	USD 1,500 HKD 10,000	N/A	Not exceeding 3.00% of the gross investment amount

Currently there is no Minimum Redemption Amount for the above Classes of Units.

### Initial Offer

Units of the Sub-Fund of the following Classes will be offered at the following Initial Offer Price during the Initial Offer Period:

Class of Units	Initial Offer Price
A(USD)-MD1	USD 10.00
A(HKD)-MD1	HKD 100.00

Units will be issued on the first Business Day following the close of the Initial Offer Period in respect of applications, together with subscription monies in cleared funds (unless otherwise agreed by the Manager), received by the Manager prior to the Dealing Cut-off Point on the last Business Day of the Initial Offer Period. Fractions of a Unit (rounded down to two decimal places) may be issued. Subscription monies representing smaller fractions of a Unit will be retained by the Sub-Fund.

Any interest earned on subscription monies received during the Initial Offer Period will be for the benefit of the Sub-Fund or, in the event that the conditions precedent to launch of the Sub-Fund are not satisfied (please refer to the sub-section "Minimum Aggregate Investment Amount" below for details), such interest shall be retained by the Manager for its own use and benefit.

No Units of the Sub-Fund will be offered after the close of the Initial Offer Period. For the avoidance of doubt, no switching between Classes of Units of the Sub-Fund will be permitted.

### Minimum Aggregate Investment Amount

The offering of a Class of Units of the Sub-Fund may be conditional upon the Minimum Aggregate Investment Amount being received on or prior to the close of the Initial Offer Period.

In the event that (i) the Minimum Aggregate Investment Amount is not received during the Initial Offer Period or (ii) the Manager is of the opinion that it is not in the commercial interest of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the launch of the relevant Class of Units or Sub-Fund, the Manager may in its discretion extend the Initial Offer Period for the relevant Class of Units or Sub-Fund or determine that the relevant Class of Units or the Sub-Fund and the Class or Classes of Units relating to it will not be launched. In such event, the relevant Class of Units or the Sub-Fund and the Class or Classes of

Units relating to it shall be deemed not to have commenced. In such case, investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to proceed with the launch. In the event that the Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period.

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of Units of the relevant Class of Units or Sub-Fund even if the Minimum Aggregate Investment Amount has not been achieved.

### Subsequent Subscription

The Sub-Fund will be closed to subsequent subscriptions after the Initial Offer Period.

### Subscription Charge

The Manager, its agents or delegates may charge a Subscription Charge on the issue of each Unit of a percentage of the total subscription amount received in relation to an application, or the Manager may at its discretion determine. The maximum rate of Subscription Charge (if any) and the manner in which it will be imposed are set out in the section "Investing in the Sub-Fund - Classes of Units". The current rate of Subscription Charge in respect of Class A Units is up to 3% of the gross investment amount.

For the avoidance of doubt, a lower maximum rate of Subscription Charge may be imposed in relation to the issue of Units of the Sub-Fund as compared to other sub-funds of the Fund and also in relation to different Classes of Units of the Sub-Fund.

The Manager may at any time increase the rate of Subscription Charge provided that any increase in the rate of Subscription Charge above the maximum rate may only be made if such increase (i) will not impact on the existing investments of any Unitholder, and (ii) will be subject to any requirements of the Code.

The Manager may on any day differentiate between applicants or Classes of Units as to the amount of the Subscription Charge. The Subscription Charge will be retained by or paid to the Manager, the

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## INVESTING IN THE SUB-FUND CONTINUED

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Distributor, their agents or delegates for their own absolute use and benefit.

### *Minimum Initial Subscription Amount*

Details of any Minimum Initial Subscription Amount applicable to a Class of Unit are set out in the section "Investing in the Sub-Fund - Classes of Units".

The Manager has the discretion to waive, change or accept an amount lower than the Minimum Initial Subscription Amount from time to time, whether generally or in a particular case.

### *Application Procedures*

Applications for subscription of Units during the Initial Offer Period should be made to the Registrar (through the Distributors) by completing the Application Form and sending it by post or by facsimile to the Registrar (through the Distributors) at the business address or facsimile number on the Application Form. The Manager and/or the Registrar may request further supporting documents and/or information to be provided together with the Application Form. The Application Form is available from the Distributors.

Upon receipt of Application Forms and subscription moneys in cleared funds (unless otherwise agreed by the Manager) on or before the Dealing Cut-off Point of the last Business Day of the Initial Offer Period, Units will be issued following the close of the Initial Offer Period. Unless otherwise agreed by the Manager, applications for the initial offer of Units will not be accepted if Application Forms and/or application monies in cleared funds are received after the Dealing Cut-off Point of the last Business Day of the Initial Offer Period.

### *Payment Procedures*

Unless otherwise agreed by the Manager, payment for Units subscribed for cash during the Initial Offer Period and the Subscription Charge (if any) is due in cleared funds by the Dealing Cut-off Point of the last Business Day of the Initial Offer Period.

In any event, payment in full in cleared funds must be received by the third Business Day after the close of the Initial Offer Period. If payment in full in cleared funds has not been received by such day (or such other period as the Manager may determine and disclose to the applicants), the Manager may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) rescind the subscription and cancel any Units which may have been issued in respect of such application for subscription and the Manager must cancel the issue of the relevant Units if the Trustee so requires.

Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Manager or the Trustee, provided that: (i) no previous valuations of the Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) a cancellation fee of such amount as the Manager and the Trustee may from time to time determine to represent the administrative costs and any conversion costs involved in processing the application for such Units from such applicant may be charged to the applicant; and (iii) the Manager and the Trustee may require the applicant to pay (for the account of the Sub-Fund in respect of each Unit so cancelled) the amount (if any), by which the Initial Offer

Price of each such Unit exceeds the Redemption Price of such Unit on the day of cancellation (if such day is a Business Day for the relevant Class of Units) or the immediately following Business Day plus interest on such amount until receipt of such payment by the Trustee.

Payments for Units should be made in the Base Currency of the Sub-Fund or where one or more Classes are issued in respect of the Sub-Fund, payment for Units of a Class should be made in the Class Currency of such Class. Subject to the agreement of the Manager, payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the Base Currency or Class Currency (as the case may be), they will be converted into the Base Currency or Class Currency (as the case may be) at the cost of the relevant applicant and the proceeds of conversion (after deducting the costs of such conversion) will be applied in the subscription of Units in the Sub-Fund or Class. Any conversion to the relevant Base Currency or Class Currency (as the case may be), will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Currency conversion will be subject to availability of the currency concerned. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder or any person for any loss suffered by such Unitholder arising from such currency conversion.

All payments for application of Units should be made by direct transfer or telegraphic transfer (or other manner as may be agreed by the Manager). If agreed by the Manager, payments for application of Units using bank draft is allowed. Bank drafts should be crossed "a/c payee only, not negotiable" and made payable to the accounts specified in the Application Form, stating the name of the Sub-Fund to be subscribed, and sent with the Application Form. Payment by bank draft may cause a delay in the receipt of cleared funds and, unless otherwise approved by the Manager, Units generally will not be issued for the respective Business Day on which an Application Form is received until the bank draft is cleared. Any costs of transfer of subscription moneys to the Sub-Fund will be payable by the applicant.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted. The applicant should provide sufficient evidence as to the source of payment as the Manager and the Trustee may from time to time require.

**No money should be paid to an intermediary in Hong Kong who is not licensed or registered to carry on Type 1 Regulated Activity (dealing in securities) under Part V of the Securities and Futures Ordinance.**

### *General*

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units.

If an application is rejected (either in whole or in part) or the Manager determines that the relevant Class of Units or the Sub-

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## INVESTING IN THE SUB-FUND CONTINUED

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Fund and the Class or Classes of Units related to it will not be launched, subscription moneys (or the balance thereof) will normally be returned within 10 Business Days without interest and after deducting any of out-of-pocket fees and charges incurred by the Manager and the Trustee by cheque through the post or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Units issued by the Sub-Fund will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the registered Unitholder (at the risk of the person entitled thereto). In case of any error in a contract note, applicants should contact the Registrar, the relevant intermediaries or the Distributor promptly for rectification.

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## REDEMPTION OF UNITS

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### *Redemption of Units*

Any Unitholder may redeem his Units on any Business Day in whole or in part. Save where there is a suspension of the determination of the Net Asset Value of the Sub-Fund or Class and/or the redemption of Units of the Sub-Fund or Class, a redemption request once given cannot be revoked without the consent of the Manager.

### *Redemption Price*

Units redeemed on a Business Day will be redeemed at the Redemption Price calculated by reference to the Net Asset Value per Unit of the relevant Class as at the Valuation Point on the Valuation Day in respect of that Business Day (for further details, see **“Valuation and Suspension - Calculation of Net Asset Value”** below).

In calculating the Redemption Price, the Manager may deduct such amount (if any) as the Manager may estimate as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the Sub-Fund and the latest available asked price of such investment and (ii) fiscal and sale charges (including stamp duty, other taxes, duties or governmental charges, brokerage, bank charges or transfer fees) which would be incurred for the account of the Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request. For further details, please see **“Valuation and Suspension - Adjustment of Prices”** below.

The Redemption Price shall be half adjusted to two decimal places. Any amount corresponding to such adjustments will accrue to the Sub-Fund.

**If at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption proceeds are converted out of any other currency into the Base Currency of the Sub-Fund or the Class Currency of the relevant Class there is an officially announced devaluation or depreciation of that currency as a result of market forces, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.**

### *Redemption Charge*

The Manager may charge a Redemption Charge on the redemption of Units of a percentage of either (i) the Redemption Price per Unit; or (ii) the total redemption amount in relation to a redemption request, as the Manager may at its discretion determine. Currently, no Redemption Charge will be payable on the redemption of Class A Units.

No Redemption Charge will be payable for the compulsory redemption of Units at the Maturity Date.

The Manager may increase the rate of Redemption Charge payable up to or towards the maximum rate for the Sub-Fund or a Class of Units, on giving at least one month's prior written notice to the Unitholders. The maximum rate of Redemption Charge of the Sub-Fund or a Class of Units may be increased with the sanction of an extraordinary resolution of the Unitholders of the Sub-Fund or Class of Units (as the case may be) and subject to the SFC's prior approval.

The Redemption Charge (if any) will be deducted from the amount payable to a Unitholder in respect of the redemption of Units. The Redemption Charge (if any) will be retained by the Sub-Fund. For the avoidance of doubt, the Redemption Charge for the Sub-Fund will neither be retained by the Manager nor shared with any of the Manager's agents or delegates.

### *Minimum Redemption Amount and Minimum Holding Amount*

Details of any Minimum Redemption Amount and Minimum Holding Amount applicable to a Class of Unit or the Sub-Fund (if any) are set out in the section “Investing in the Sub-Fund - Classes of Units”.

If a redemption request will result in a Unitholder holding Units of the Sub-Fund or a Class less than the Minimum Holding Amount for the Sub-Fund or that Class, the Manager may deem such request to have been made in respect of all Units of the Sub-Fund or the relevant Class held by that Unitholder.

The Manager has the discretion to waive, change or accept an amount lower than the Minimum Redemption Amount or Minimum Holding Amount from time to time, whether generally or in a particular case, provided that it believes doing so does not adversely affect Unitholders as a whole.

For the avoidance of doubt, the Manager will not consider that the holding of a Unitholder has fallen below the relevant Minimum Holding Amount if such holding has decreased only by reason of market movements affecting the portfolio value.

### *Redemption Procedures*

Applications for redemption of Units prior to the Maturity Date may be made to the Registrar (through the Distributors) by completing the Redemption Form and sent by post or by facsimile to the Registrar (through the Distributors) at the business address or facsimile number on the Redemption Form. The Redemption Form is available from the Distributors.

A Redemption Form received by the Registrar (through the Distributors) by the Dealing Cut-off Point of a Business Day will be dealt with on that Business Day. If an application for redemption of Units is received after the Dealing Cut-off Point in respect of a Business Day then the application will be held over until the next Business Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or events of natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the Sub-Fund, exercise its discretion to accept a redemption request in respect of a Business Day which is received after the Dealing Cut-off Point. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such redemption request, the Manager shall not exercise its discretion to accept any redemption request.

A request for redemption once given cannot be revoked without the consent of the Manager.

Redemption of Units at the Sub-Fund's maturity will be carried out automatically, whereupon the Manager will deem a Unitholder to have given a redemption request in respect of Units held by such Unitholder on the Maturity Date. A termination notice will be issued to the Unitholder at least one month prior to the Maturity Date to confirm the termination of the Sub-Fund.

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## REDEMPTION OF UNITS CONTINUED

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### *Payment of Redemption Proceeds*

Unless otherwise agreed by the Manager, redemption proceeds will be paid by direct transfer or telegraphic transfer in the Class Currency of the relevant Class of the redeeming Units to the pre-designated bank account of the Unitholder (at his risk and expense). No third party payments will be permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Unitholder.

If so requested by the relevant redeeming Unitholders and agreed by the Manager, redemption proceeds may be paid in a currency other than the Class Currency. Where redemption proceeds are paid in a currency other than the Class Currency, they will be converted from the Class Currency at the cost of the relevant redeeming Unitholders. Any conversion from the Class Currency, will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder or any person for any loss suffered by such Unitholder arising from such currency conversion.

Settlement for redemptions will be made by electronic fund transfer normally on the Settlement Date after receipt by the Registrar and/or its agent of all relevant documentation. Payment of redemption proceeds (other than in respect of compulsory redemptions at the Maturity Date or earlier termination of the Sub-Fund) should generally take no longer than 10 Business Days but in any event not exceeding one calendar month after the later of (i) the relevant Business Day and (ii) the day on which the Registrar (through the Distributors) receives the duly completed Redemption Form and such other documents and information as the Trustee, the Manager, the Distributors and/or the Registrar may require, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, payment of redemption proceeds may be deferred, but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Payment of redemption proceeds in respect of compulsory redemptions at the Maturity Date or earlier termination of the Sub-Fund will also be made by electronic fund transfer and should generally take no longer than 10 Business Days but in any event not exceeding one calendar month after the Maturity Date, or the date of earlier termination of the Sub-Fund, as the case may be.

The Manager or the Trustee, as the case may be, may, in its absolute discretion, delay payment to the Unitholder until (a) if required by the Trustee, the Manager, the Distributor or the Registrar, the original of the Redemption Form duly signed by the Unitholder has been received; (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee (or the Registrar on behalf of the Trustee); and (c) the Unitholder has produced all documents or information required by

the Trustee, the Manager and/or the Registrar for the purpose of verification of identity.

The Manager or the Trustee, as the case may be, may, refuse to make a redemption payment to a Unitholder if either the Manager or the Trustee suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Fund, the Manager, the Trustee or other service providers with any such laws or regulations in any relevant jurisdiction.

If the Manager or the Trustee is required or entitled by any applicable laws, regulations, direction or guidance, or by any agreement with any tax or fiscal authority to make withholdings from any redemption moneys payable to the Unitholder, the amount of such withholdings shall be deducted from the redemption moneys otherwise payable to such person, provided that the Manager or the Trustee is acting in good faith and on reasonable grounds. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, neither the Manager nor the Trustee nor their agents shall be liable for any loss caused by any refusal or delay in making payment as a result of delay in receipt of proceeds of realisation of the investments of the Sub-Fund.

The Trust Deed also provides for payment of redemption proceeds in specie with the consent of the relevant Unitholder.

### *Restrictions on Redemption other than on Maturity Date*

No Units of the Sub-Fund or a Class may be redeemed where the determination of the Net Asset Value of the Sub-Fund or that Class and/or the redemption of Units of the Sub-Fund or that Class is suspended (for further details see "**Valuation and Suspension - Suspension**" below).

With a view to protecting the interests of all Unitholders of the Sub-Fund, the Manager may with the approval of the Trustee limit the number of Units of the Sub-Fund redeemed on any Business Day (whether by sale to the Manager or by cancellation of Units) to 10% of Units of the Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the Sub-Fund who have validly requested to redeem Units of the Sub-Fund on that Business Day will redeem the same proportion of such Units of the Sub-Fund. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Business Day and all following Business Days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

The Sub-Fund may use swing pricing to recoup transaction and trading costs as a result of excessive outflows (referred to section "**Valuation and Suspension**").

### *Compulsory Redemption of Units*

Prior to or on the Maturity Date, if the Manager or the Trustee suspects that Units of any Class are owned directly or beneficially by any person:

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## REDEMPTION OF UNITS CONTINUED

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- (a) in contravention of any laws or requirements of any country, any governmental authority or any stock exchange on which such Units are listed; or
- (b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which in their opinion might result in the Sub-Fund, the Fund, the Trustee and/or the Manager incurring any liability to taxation or registration with any regulatory authority, or suffering any other pecuniary disadvantage which the Sub-Fund, the Fund, the Trustee and/or the Manager might not otherwise have incurred or suffered,

the Manager or the Trustee may:

- (i) give notice requiring the relevant Unitholder to transfer the Units to a person who would not be in contravention of the above restrictions within 30 days of the date of the notice; or
- (ii) deem receipt of a redemption request in respect of such Units; or
- (iii) take such other actions as it reasonably believes is required by applicable laws or regulations.

Where the Manager or the Trustee has given such notice and the Unitholder has failed to either (i) transfer the relevant Units within 30 days of the date of the notice, or (ii) establish to the satisfaction of the Manager or the Trustee (whose judgment is final and binding) that the relevant Units are not held in contravention of any of the restrictions set out above, the Unitholder is deemed to have given a redemption request in respect of the relevant Units on the expiry of 30 days from the date of the notice.

Further, the Manager may deem a Unitholder to have given a redemption request in respect of Units held by such Unitholder:

- (a) where the Unitholder has refused or failed to provide or produce to the satisfaction of the Manager, the Trustee or the Registrar any document or information required to ensure compliance with any anti-money laundering laws or regulations in any applicable jurisdiction; or
- (b) where the Trustee or the Registrar has notified the Manager that they are not able to confirm the identity of the Unitholder to their satisfaction; or
- (c) on the Maturity Date.

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## SWITCHING

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### *Switching of Units*

Unitholders shall be entitled (subject to such limitations as the Manager after consulting with the Trustee may impose) to convert all or part of their Units of any Class relating to the Sub-Fund (the "Existing Class") into units of another sub-fund of the Fund (the "New Class") available for subscription or switching. Unless the Manager otherwise agrees, Units of a Class can only be converted into units of the same class of another sub-fund of the Fund. Switching of units of another sub-fund of the Fund into Units of any Classes of the Sub-Fund will not be allowed.

A request for switching will not be effected if as a result the relevant Unitholder would hold less than the Minimum Holding Amount of the Existing Class, or is prohibited from holding Units of the New Class.

### *Switching Fee*

A Switching Fee of up to 1% of the value of Units being switched may be charged by the Manager in respect of each unit of the New Class to be issued upon such switching.

For the avoidance of doubt, a lower maximum rate of Switching Fee may be imposed in relation to the switching of Units of the Sub-Fund as compared to other sub-funds of the Fund and also in relation to different Classes of Units of the Sub-Fund; and

The Switching Fee shall be deducted from the amount reinvested into the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

Units of the Existing Class will be converted into units of the New Class in accordance (or as nearly as may be in accordance) with the following formula:-

$$N = \frac{(E \times R \times F - SF)}{S}$$

Where:-

**N** is the number of units of the New Class to be issued, provided that amounts lower than the smallest fraction of a unit of the New Class shall be ignored and shall be retained by the New Class.

**E** is the number of Units of the Existing Class to be converted.

**F** is the currency conversion factor determined by the Manager for the relevant Business Day of the New Class as representing the effective rate of exchange between the Class Currency of Units of the Existing Class and the class currency of units of the New Class.

**R** is the Redemption Price per Unit of the Existing Class applicable on the relevant Business Day less any Redemption Charge imposed by the Manager.

**S** is the issue price per unit for the New Class applicable on the Business Day for the New Class coincident with or immediately following the relevant Business Day for the Existing Class PROVIDED THAT where the issue of units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the issue price per unit of the New Class applicable on the first Business Day for the New Class falling on or after the satisfaction of such conditions.

SF is a Switching Fee (if any).

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates ("Original Sub-Fund") to the sub-fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Manager may at its discretion reduce the Redemption Price as the Manager consider appropriate to take account of the effect of that devaluation or depreciation and in such event the number of units of the New Class to be allotted to any relevant Unitholder shall be recalculated in accordance with the relevant formula set out above as if that reduced Redemption Price had been the Redemption Price ruling for redemptions of Units of the Existing Class on the relevant Business Day.

### *Switching Procedures*

Applications for Switching of Units may be made to the Registrar by completing the Switching Form and sent by post or by facsimile to the Registrar at the business address or facsimile number on the Switching Form. The Switching Form is available from the Distributors.

Switching Forms which are received by the Registrar (through the Distributors) by the Dealing Cut-off Point applicable to the Existing Class or such later time as the Manager may think fit on a Business Day in relation to such Existing Class will be dealt with on that Business Day and Switching Forms received after such time will be dealt with on the following Business Day in relation to such Existing Class. Switching Forms may not be withdrawn without the consent of the Manager.

Depending on the Valuation Point of the Sub-Fund, the currency conversion point applicable where the New Class is denominated in a currency different from that of the Existing Class, and the time required to remit the switching proceeds, the day on which investments are converted into the New Class may be later than the day on which investments in the Existing Class are converted out or the day on which the instruction to switch is given.

### *Restrictions on Switching*

Units shall not be converted during any period when the determination of the Net Asset Value of the Sub-Fund is suspended (for further details see "**Valuation and Suspension - Suspension**" below) or when the Manager determines, with prior notification to the Trustee, that subscriptions for units of the New Class are closed.



## VALUATION AND SUSPENSION

### Calculation of Net Asset Value

The Net Asset Value of the Sub-Fund and the Net Asset Value per Unit of each Class will be calculated in accordance with the Trust Deed as at the Valuation Point on each Valuation Day. The Trust Deed provides among others that:-

#### (a) Listed Investments

The value of any investment (including unit, share or other interest in a collective investment scheme which does not provide for units, shares or other interests to be redeemed at the option of the holder of such a unit, share or other interest but excluding a commodity) quoted, listed, traded or normally dealt in on a Securities Market shall at the discretion of the Manager be calculated by reference to the last traded price or closing price as calculated and published by the Securities Market (which, in the opinion of the Manager, provides the principal Securities Market for such investment) or (if no last traded price or closing price is available) midway between the latest available market dealing offer price and the latest available market dealing bid price on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager may consider in the circumstances to provide a fair criterion, provided that:-

- (i) If the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may, in consultation with the Trustee, adopt such prices.
- (ii) If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price or, as the case may be, middle quotation on the Securities Market which, in its opinion and in consultation with the Trustee, provides the principal market for such investment.
- (iii) For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, in consultation with the Trustee, deem appropriate.
- (iv) In the case of any investment which is quoted, listed or normally dealt in on a Securities Market but in respect of which, for any reason, prices on that Securities Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager in consultation with the Trustee.
- (v) Where there is no Securities Market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager, in consultation with the Trustee, may determine) shall be made by reference to the mean of the latest bid and asked price quoted or evaluated thereby.
- (vi) There shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price.

#### (b) Unquoted Investments

The value of any investment (other than an interest in a collective investment scheme or a commodity) which is not quoted, listed or normally dealt in on a Securities Market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unquoted investments shall be determined on a regular basis by a professional person approved by the Trustee as qualified to value such unquoted investment. Such professional person may, with the approval of the Trustee, be the Manager.

#### (c) Cash, Deposits etc.

Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager in consultation with the Trustee, any adjustment should be made to reflect the value thereof.

#### (d) Collective Investment Scheme

The value of each unit, share or other interest in any collective investment scheme (other than unit, share or other interest in a collective investment scheme to which paragraph (a) or (b) above applies) shall be the net asset value per unit, share or other interest as at the same day the Net Asset Value of the Sub-Fund is calculated, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit, share or other interest in such collective investment scheme (where available) or (if the same is not available) the latest available bid price for such a unit, share or other interest at or immediately preceding the Valuation Point.

If no net asset value, bid and offer prices or price quotations are available, the value of each unit, share or other interest shall be determined from time to time in such manner as the Manager shall determine in consultation with the Trustee.

#### (e) Other Valuation Methods

Notwithstanding paragraphs (a) to (d) above, the Manager may, after consultation with the Trustee, adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations it deems relevant, it considers that such adjustment or use of such other method is required to reflect the fair value thereof.

#### (f) Conversion to Base Currency

The value (whether of a borrowing or other liability, an investment or cash) otherwise than in the Base Currency of the Sub-Fund shall be converted into the Base Currency at the prevailing market rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate.

#### (g) Reliance on Price Data and Information provided through Electronic Price Feeds etc.

Subject as provided below, when calculating the Net Asset Value of the Sub-Fund, price data and other information in

## VALUATION AND SUSPENSION CONTINUED

relation to the value of any investment or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuation, or valuation or pricing information which is provided by any valuer, third party valuation agent, intermediary or other third party appointed or authorised to provide valuations or pricing information of the investments or the assets of the Sub-Fund may be relied upon without verification, further enquiry or liability notwithstanding that the prices so used are not the last traded prices or closing prices.

The Manager shall exercise reasonable care and diligence in the selection of the valuation service providers and shall satisfy itself that such valuation service providers remain suitably qualified and competent to provide such price data and other information services.

The Manager may, in consultation with the Trustee, arrange for a revaluation of the Net Asset Value of a Unit of any Class if it considers that the Net Asset Value per Unit of the relevant Class calculated in relation to any Business Day open for redemption does not accurately reflect the true value of such Unit. Any revaluation will be made on a fair and equitable basis.

### *Adjustment of Prices*

As referred to under "**Redemption of Units - Redemption Price**" above, in calculating the Redemption Price, the Manager may deduct fiscal and sale charges.

If on any Valuation Day, the aggregate net investor(s) transactions in Units of the Sub-Fund exceed a pre-determined threshold agreed from time to time by the Manager in consultation with the Trustee, a swing pricing mechanism may apply and the Net Asset Value per Unit may be adjusted downwards to mitigate the effect of transaction costs attributable to net outflows, in order to reduce the effect of "dilution" on the Sub-Fund.

The net outflows will be determined by the Manager based on the latest available information at the time of calculation of the Net Asset Value. Dilution occurs when the actual cost of purchasing or selling the underlying assets of the Sub-Fund deviates from the carrying value of these assets in the Sub-Fund's valuation due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of the Sub-Fund and therefore impact Unitholders.

Typically, such swing pricing adjustment will decrease the Net Asset Value per Unit when there are net outflows. As this swing pricing adjustment is related to the outflows of money from the Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Sub-Fund will need to make such adjustments.

The extent of the price adjustment for the Sub-Fund will be reset by the Manager, in agreement with the Trustee, on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment will not exceed 2% of the original Net Asset Value per Unit. The adjustment of the Net Asset Value per Unit will apply equally to each Class of Units in the Sub-Fund.

Investors are advised that the volatility of the Sub-Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The Manager will also make such adjustment to the Redemption Price with a view to protecting the interests of Unitholders under exceptional circumstances as determined by the Manager from time to time. Exceptional circumstances for adjusting the Redemption Price may include:

- (a) the redemptions of Units having exceeded a pre-determined threshold set by the Manager from time to time; and/or
- (b) extreme market conditions which may have an unfavourable impact on the interests of existing Unitholders; and /or
- (c) any anticipated fiscal charges in the amount of the adjustment.

In such circumstances the Net Asset Value per Unit of the relevant Class or Classes may be adjusted downward by an amount (not exceeding 2% of that Net Asset Value) which reflects the dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests.

For the avoidance of doubt,

- (a) the Redemption Price, prior to any adjustment, will be determined with reference to the Net Asset Value per Unit of the relevant Class; and
- (b) any adjustment in the Redemption Price must be made on a fair and equitable basis.

### *Suspension*

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Sub-Fund or of any Class of Units and/or the switch and/or the redemption of Units for the whole or any part of any period during which:-

- (a) there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any commodities market or Securities Market on which a substantial part of the investments of the Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of the Sub-Fund or the Redemption Price per Unit; or
- (b) for any other reason the prices of investments held or contracted for by the Manager for the account of the Sub-Fund cannot, in the opinion of the Manager or the Trustee, reasonably, promptly or fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager or the Trustee, it is not reasonably practicable to realise a substantial part of the investments held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of Units of the relevant Class; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the investments of the Sub-Fund or the issue or redemption of Units of the relevant Class is delayed or

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## VALUATION AND SUSPENSION CONTINUED

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cannot, in the opinion of the Manager or the Trustee, be carried out promptly at normal rates of exchange; or

- (e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or other assets of the Sub-Fund or the Net Asset Value of the Sub-Fund or the Redemption Price per Unit takes place or when for any other reason the value of any of the investments or other assets of the Sub-Fund or the Net Asset Value of the Sub-Fund or the Redemption Price per Unit cannot in the opinion of the Manager or the Trustee reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or
- (f) when, in the opinion of the Manager or the Trustee, such suspension is required by law or applicable legal process; or
- (g) where the Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or
- (h) when the business operations of the Manager or the Trustee or any of their agents or delegates in relation to the operations of the Sub-Fund are substantially interrupted or closed as a result of or arising from a force majeure event; or
- (i) when the Unitholders or the Manager or the Trustee have resolved or given notice to terminate the Sub-Fund or to carry out a scheme of amalgamation involving the Sub-Fund.

suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall as soon as may be practicable after any such declaration notify the SFC of such suspension and shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice on the Manager's website [www.invesco.com.hk](http://www.invesco.com.hk) stating that such declaration has been made. The Manager may from time to time determine other appropriate means of dissemination including local newspapers and service hotlines, which will be notified to Unitholders of the Class or Classes relating to the Sub-Fund and to all those whose applications to redeem and/or switch Units shall have been affected by such suspension.

If a suspension is declared, during such a period of suspension –

- (a) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the Sub-Fund and the Net Asset Value per Unit of the Sub-Fund (or a Class thereof) (although an estimated Net Asset Value may be calculated and published) and any applicable request for switching or redemption of Units shall be similarly suspended. If a request for switching or redemption of Units are received by the Manager during a period of suspension and not withdrawn, such request shall be treated as if it were received in time to be dealt with on the Business Day immediately following the end of the said suspension and dealt with accordingly;
- (b) where the suspension is in respect of the switch and/or the redemption of Units, there shall be no switch and/or redemption of Units. For the avoidance of doubt, the switch or redemption of Units may be suspended without suspending the determination of the Net Asset Value.

A suspension shall take effect forthwith upon the declaration thereof until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the

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## DISTRIBUTION POLICY

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The Sub-Fund offers Classes of Units that pay a monthly distribution (“**Set Distribution Classes**”), which are described in detail further below.

### *Set Distribution Classes*

Set Distribution Classes are intended to pay a stable distribution payment in the form of a stable amount per Unit per month. The Manager in conjunction with the Investment Manager (if any) will determine the appropriate amount per Unit that should be paid out per month by way of distribution. The stable amount applied to the base currency Unit Class of the Sub-Fund will be reviewed at least on an annual basis and re-set if appropriate based on the existing market conditions at such time at the discretion of the Manager. In extreme market conditions, this may occur on a more regular basis at the discretion of the Manager.

The Set Distribution Classes are denoted by the suffix “MD1” preceded by the relevant Class Currency of the Class.

The stable distribution amount per Unit for MD1 is disclosed in Appendix A.

For the avoidance of doubt, the amount of distribution for MD1 Classes will be fixed at the discretion of the Manager and disclosed in Appendix A. At least one month’s prior notice will be given to the Unitholders where there is a change to the fixed amount of distribution.

The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to MD1 Classes. In determining the distribution policy applicable to MD1 Classes, the Manager may at its discretion pay: -

- (a) A portion of the dividends out of gross income; and
- (b) A portion of the dividends out of capital.

**In the event that the net distributable income attributable to the relevant MD1 Classes during the relevant period is insufficient to pay the distributable amount per Unit, the Manager may in its discretion determine such distributions be paid from capital. The Manager may also, at its discretion, pay a part or all of the fees and expenses out of the capital of the relevant MD1 Classes. Payment of distributions out of capital, 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 that original investment. Any distributions involving payment of dividends out of, or effectively out of, the capital of a MD1 Class may result in an immediate reduction of the Net Asset Value per Unit of the relevant MD1 Class.**

The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) in respect of the MD1 Classes for the last 12 months are available from the Manager on request and also on the Manager’s website [www.invesco.com.hk](http://www.invesco.com.hk). Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

Distributions of the MD1 Classes declared shall be distributed among the Unitholders of the relevant MD1 Classes rateably in accordance with the number of Units held by them on the record date as determined by the Manager with the approval of the Trustee in respect of the corresponding distribution. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding distribution.

Distributions may be paid in cash. Any payment of distributions in cash will normally be paid by direct transfer or telegraphic transfer in the Class Currency of the relevant Set Distribution Classes to the pre-designated bank account of the Unitholder (at his risk and expense). No third party payments will be permitted.

Distributions of the MD1 Classes declared shall be distributed among the Unitholders of the relevant MD1 Classes in accordance with the following schedule:

- Monthly distributions:

The Sub-Fund will not pay any distributions for the first two calendar months after the Sub-Fund’s launch date.

The first monthly distributions will be declared on the last Business Day of September 2019 (“**Initial Distribution Record Date**”). The first monthly distributions will be paid on 11 October 2019. Monthly distributions thereafter are declared on the last Business Day of every calendar month. Payments will be made on the 11th of the month following the distribution date and if such day is not a Business Day, payments will be made on the next Business Day.

The Manager may amend the dividend policy with respect to payment of distributions and/or fees and charges out of capital subject to obtaining the SFC’s prior approval (where applicable) and by giving not less than one month’s prior notice to Unitholders (where applicable). The Manager may also change the frequency and/or rate of distributions by giving not less than one month’s prior notice to Unitholders.

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## FEES AND EXPENSES

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### *Management Fee*

The Manager is entitled to receive in respect of the Sub-Fund (or any Class thereof), a management fee ("**Management Fee**") calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears as a percentage of the Net Asset Value of the Sub-Fund (or such Class) as at each Valuation Day, subject to a maximum rate of 2.5% per annum of the Net Asset Value of the Sub-Fund.

The current rate of the Management Fee for Class A Units is 0.60% per annum of the Net Asset Value of the relevant Class.

### *Trustee Fee*

The Trustee is entitled to receive a fee which is charged as a percentage of the Net Asset Value of the Sub-Fund on each Valuation Day ("**Trustee Fee**"). Such fee is calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears out of the assets of the Sub-Fund. The Trustee Fee is subject to a maximum rate of 2% per annum of the Net Asset Value of the Sub-Fund and a minimum monthly fee as disclosed below. The current rate of such Trustee Fee (as a percentage of the Net Asset Value of the Sub-Fund) is as follows:

First USD50 million of Net Asset Value	0.03% per annum
Balance of Net Asset Value	0.02% per annum

(subject to a minimum monthly fee of USD1,250)

The Trustee is also entitled to receive a fee for acting as Registrar. It is also entitled to receive various transaction, processing, valuation fees and other applicable fees as agreed with the Manager from time to time and to be reimbursed by the Sub-Fund for all out-of-pocket expenses (including sub-custody fees and expenses) properly incurred by it in the performance of its duties.

### *Administration Fee*

The Administrator is entitled to an administration fee of up to 2% per annum of the Net Asset Value of the Sub-Fund ("**Administration Fee**") and a minimum monthly fee as disclosed below. The Administration Fee will be accrued daily and payable monthly in arrears out of the assets of the Sub-Fund. The Administrator is also entitled to receive various transaction fees as agreed with the Manager from time to time. The current rate of the Administration Fee (as a percentage of the Net Asset Value of the Sub-Fund) is as follows:

First USD50 million of Net Asset Value	0.03% per annum
Balance of Net Asset Value	0.02% per annum

(subject to a minimum monthly fee of USD1,250)

### *Notice for Fee Increase*

Unitholders shall be given not less than one month's prior notice should there be any increase of the Management Fee, Trustee Fee or Administration Fee from the current level to the maximum level. Any increase in the maximum level of the Management Fee, Trustee Fee or Administration Fee of the Sub-Fund (or any Class thereof) shall be subject to the SFC's prior approval and the sanction of extraordinary resolution of the Unitholders of the Sub-Fund (or such Class).

### *Establishment and Termination Costs*

The establishment costs and the termination costs of the Sub-Fund are approximately USD 105,000 and USD 18,000 respectively. These costs will be borne by the Sub-Fund and will be amortised over the period from the close of the Initial Offer Period up to the Maturity Date or such other period as the Manager shall determine. If the Sub-Fund is terminated prior to the Maturity Date, any unamortised establishment costs and termination costs of the Sub-Fund as at the termination of the Sub-Fund will be borne by the Manager.

The Sub-Fund will be terminated automatically on or around the Maturity Date.

Investors should also note that under HKFRS, establishment costs and termination costs should be expensed as incurred and that amortisation of the expenses of establishing and terminating the Sub-Fund is not in accordance with HKFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of the Sub-Fund. To the extent that the accounting basis adopted by the Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

### *Other Expenses*

The Sub-Fund will bear the costs (including those set out below) which are directly attributable to it. Where such costs are not directly attributable to the Sub-Fund, such costs will be allocated amongst the sub-funds of the Fund in proportion to the respective net asset value of all the sub-funds.

Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Fund, the fees and expenses of the custodian, registrar and the auditors, valuation costs, legal fees, the expenses incurred by the Manager and the Trustee in establishing the Fund and the Sub-Fund and costs in connection with the initial issue of Units or a Class of Units, the costs incurred in connection with the preparation of supplemental deeds or any listing or regulatory approval, the costs of holding meetings of Unitholders and of giving notices to Unitholders, the costs incurred in terminating the Fund or the Sub-Fund, the fees and expenses of the Trustee which are agreed by the Manager in connection with time and resources incurred by the Trustee reviewing and producing documentation in connection with the operation of the Sub-Fund including the filing of annual returns and other statutory information required to be filed with any relevant regulatory authority and the costs incurred in the preparation and printing of any offering document, all costs incurred in publishing the Net Asset Value of the Sub-Fund, Net Asset Value per Unit and Redemption Price of Units, all costs of preparing, printing and distributing all statements, accounts and reports, the expenses of preparing and printing any offering document, and any other expenses, deemed by the Manager, to have been incurred in compliance with or connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with any code relating to unit trusts.

For so long as the Fund and the Sub-Fund are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Fund so authorised.

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## FEES AND EXPENSES CONTINUED

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### *Transactions with Connected Persons, Cash Rebates and Soft Dollars*

All transaction carried out by or on behalf of the Fund or the Sub-Fund must be at arm's length. In particular, any transactions between the Sub-Fund and the Manager, the Investment Manager (if any) or any of their connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions will be disclosed in the annual report of the Fund and/or the Sub-Fund. In transacting with brokers or dealers connected to the Manager, the Investment Manager (if any) or any of their connected persons, the Manager must ensure that:

- (a) such transactions are on arm's length terms;
- (b) it uses due care in the selection of such brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) it monitors such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Fund and/or the Sub-Fund.

The Manager may execute foreign exchange spot, forward or swap transactions (collectively "**foreign exchange transactions**") for the account of the Sub-Fund with connected persons of the Trustee ("**CPs**") or with dealers or counterparties that are not affiliated with the Trustee. If the Manager elects to execute foreign exchange transactions with CPs, then:

- (a) the CPs will enter into such foreign exchange transactions with or for the account of the Fund, the Sub-Fund or any Class of Units as a principal counterparty (and not as agent or fiduciary for the Fund, the Sub-Fund or the Manager);
- (b) the Manager will at its discretion determine the method of execution to be used, either generally or in any particular case, from the methods of execution made available to the Manager by the CPs from time to time and shall be responsible for determining which method of execution is suitable for the Fund, the Sub-Fund or the relevant Class of Units;
- (c) any such transaction shall be effected at rates quoted or as determined by the CPs from time to time which are consistent with the applicable method of execution chosen by the Manager from the methods made available to it by the CPs in light of such factors as the Manager determines to be relevant, including price, service transaction size and execution quality; and
- (d) the CPs shall be entitled to retain for their own use and benefit any benefit which they may derive from any such foreign exchange transactions or the holding of cash in connection therewith.

For the avoidance of doubt, the Manager may elect to enter into foreign exchange transactions with counterparties other than the CPs.

Neither the Manager, the Investment Manager (if any), nor any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Sub-Fund to such brokers or dealers, save that goods and services (soft dollars) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the Sub-Fund. Details of any such commissions and the Manager's soft dollar practices, including a description of the goods and services received by the Manager will be disclosed in the annual and semi-annual report and accounts of the Fund and/or the Sub-Fund.

The Manager, the Investment Manager (if any) and/or any of their connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager, the Investment Manager (if any) and/or any of their connected person has an arrangement under which that party will from time to time provide to or procure for the Manager, the Investment Manager (if any) and/or any of their connected person goods or services for which no direct payment is made but instead the Manager, the Investment Manager (if any) and/or any of their connected person undertakes to place business with that party. The Manager shall procure that no such arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to the Unitholders (taken as a body and in their capacity as such) whether by assisting the Manager in its ability to manage the Sub-Fund or otherwise and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Trustee shall not as principal for its own account sell or deal in the sale of investments to the Trustee for the account of the Fund or the Sub-Fund or otherwise deal as principal with the Fund or the Sub-Fund provided that the Trustee shall be permitted to sell or deal in the sale of investments and otherwise deal with the Fund or the Sub-Fund where it acts at all times in its capacity as a trustee and not in its capacity as a principal. The connected persons of the Trustee must not, without the written approval of the Trustee, as principal sell or deal in the sale of investments for the account of the Fund or the Sub-Fund or otherwise deal as principal for the account of the Fund or the Sub-Fund and if the Trustee shall give its approval, any such selling or dealing shall be transacted at arm's length and otherwise in accordance with the Trust Deed. If any connected person of the Trustee shall so sell or deal, such connected person may retain for its own absolute use and benefit any profit which it may derive therefrom or in connection therewith, provided that such transactions are entered into on an arm's length basis and at the best price available to the Fund and the Sub-Fund.

## TAXATION

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and redemption of Units by him under the laws of the places of his citizenship, residence and domicile.

The following summary of Hong Kong is of a general nature, is for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Unitholders. Prospective Unitholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

### *Hong Kong Taxation*

#### The Fund/ Sub-Fund

(a) *Profits Tax:*

As the Fund and the Sub-Fund have been authorised, as a collective investment scheme constituted as a unit trust by the SFC under Section 104 of the SFO, profits of the Fund and the Sub-Fund as the collective investment schemes are exempt from Hong Kong Profits Tax.

(b) *Stamp Duty:*

No Hong Kong Stamp Duty is payable by the Fund or Sub-Fund on an issue or redemption of Units.

No Hong Kong Stamp Duty is payable where the sale or transfer of the Units is effected by extinguishing the Unit or the sale or transfer is to the Manager who subsequently re-sells the Units within two months thereof.

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Fund / Sub-Fund in exchange for issue of Units or transfer of Hong Kong stocks from the Fund / Sub-Fund in consideration for redemption of Units is exempt from Hong Kong Stamp Duty.

#### The Unitholders

(a) *Profits Tax:*

Unitholders should not be subject to any Hong Kong Profits Tax on distributions by the Fund or Sub-Fund in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus). Hong Kong Profits Tax (which is currently charged at the rate of 16.5% for

corporations, and 15% for individuals or unincorporated business) will arise on any gains or profits made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

There is no withholding tax on dividends and interest in Hong Kong.

(b) *Stamp Duty:*

No Hong Kong Stamp Duty is payable by a Unitholder in relation to a subscription or on the redemption of Units.

No Hong Kong stamp duty is payable where a sale or transfer is to the Manager who subsequently re-sells the Units within two months thereof.

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Fund / Sub-Fund in exchange for issue of Units or transfer of Hong Kong stocks from the Fund / Sub-Fund in consideration for redemption of Units is exempt from Hong Kong Stamp Duty.

Other types of sales or purchases or transfers of the Units by the Unitholders should be liable to Hong Kong Stamp Duty of 0.1% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK\$5.00 is payable on any instrument of transfer of Units.

### *PRC Taxation*

#### The Fund/ Sub-Fund

(a) *Debt securities issued outside China by non-PRC tax resident enterprises:*

Income (including interest income and capital gains) derived from the Sub-Fund's investments in RMB denominated Debt securities issued by non-PRC tax resident enterprises outside China should not be subject to PRC taxes, unless the Sub-Fund is considered as a tax resident enterprise of the PRC or the Sub-Fund is considered as a non-tax resident enterprise with an establishment or place of business ("PE") in the PRC (where such establishment holds the investments in RMB denominated Debt securities as part of its business).

(b) *Debt securities issued offshore by PRC tax resident enterprises:*

By investing in Debt securities issued offshore by PRC tax resident enterprises, the Sub-Fund may be subject to withholding and other taxes imposed by the PRC tax authorities.

(c) *Corporate Income Tax ("CIT"):*

If the Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Sub-Fund is considered as a non-tax

resident enterprise with a PE in the PRC, the PRC sourced profits attributable to that PE would be subject to CIT at 25%.

Under the PRC CIT Law effective 1 January 2008, a foreign enterprise without a PE in the PRC will generally be subject to PRC Withholding Income Tax ("WIT") on its PRC sourced income, including but not limited to passive income (e.g. interest, gains arising from transfer of assets etc.) at the prevailing PRC WIT rate of 10%. Such PRC WIT rate may be reduced or exempted under an applicable tax treaty concluded with the PRC, or a specific provision under the domestic tax law.

It is the intention of the Manager to operate the affairs of the Manager and the Sub-Fund such that they are not tax resident enterprises of the PRC and have no PE in the PRC for PRC CIT purposes, although this cannot be guaranteed.

(i) Interest

- Unless a specific exemption is applicable, for recipients that are non-PRC tax resident enterprises without a PE in the PRC (such as the Sub-Fund), PRC WIT is levied on the payment of interest on debt instruments, including bonds issued by PRC tax resident enterprises. The prevailing PRC WIT rate is 10% and the entity paying such interest is required to withhold such PRC WIT from the interest paid to the non-PRC tax resident enterprises. The PRC WIT rate above may be reduced or exempted under an applicable tax treaty concluded with the PRC, or a specific provision under the domestic tax law.
- Interest derived from PRC government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from PRC CIT under the CIT law.
- On 22 November 2018, the Ministry of Finance ("MOF") and State Administration of Taxation ("SAT") of China jointly released circular Caishui [2018] No. 108 ("Circular 108") to address the tax issues in relation to bond interest income received by foreign institutional investors from investments in the PRC bond market. Under Circular 108, for foreign institutional investors without a PE in the PRC (or having a PE in the PRC but the income so derived in the PRC is not effectively connected with such PE), such bond interest income received from 7 November 2018 to 6 November 2021 will be temporarily exempt from CIT. However, it is uncertain as to whether the temporary exemption of Circular 108 applies to interest derived from bonds issued by PRC tax resident enterprises outside the PRC. The literal wording of Circular 108 only mentions the interest arising from investments in the PRC bond market. In practice, the PRC tax authorities have not enforced the collection of WIT on interest derived from investments in debt securities issued outside the PRC by PRC tax resident enterprises. It is uncertain as to whether the Chinese tax authorities will change their enforcement practice in the future.

(ii) Capital gains

- Under the current PRC CIT law, there are no specific rules or regulations governing the taxation of the disposal of Debt securities issued offshore by PRC tax resident enterprises. The tax treatment for investment

in debt instruments issued offshore by PRC tax resident enterprises is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, the Sub-Fund would only be subject to 10% PRC WIT on its "PRC-sourced" income. The PRC CIT Law and its detailed implementation rules ("DIR") did not define the "source" of income derived from the trading of debt securities issued by PRC issuers. However, the PRC tax authorities have verbally indicated, on numerous occasions, that such gain is non-PRC sourced income and hence not subject to PRC WIT. However, there is no specific written tax regulation to confirm the same.

- In practice, the PRC tax authorities have not enforced the collection of PRC WIT in respect of gains derived by non-PRC tax resident enterprises from the trading of RMB denominated debt instruments issued offshore by PRC tax resident enterprises.

(d) Value Added Tax ("VAT") and other surtaxes:

(i) Interest

- Pursuant to Circular Caishui (2016) No. 36 ("Circular 36"), interest income from debt securities issued by PRC tax resident enterprises should technically be subject to 6% VAT. Interest received from PRC government bonds and local government bonds is exempt from VAT. If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax (currently at the rate ranging from 1% to 7%), Education Surcharge (currently at the rate of 3%) and Local Education Surcharge (currently at the rate of 2%)) that would amount to as high as 12% of VAT payable. In addition, there may also be other local levies such as flood prevention fee, commodity reconciliation fund and water conservancy fund, depending on the location of the PRC issuers.
- In practice, the PRC tax authorities have not enforced the collection of VAT on interest derived from investments in debt securities issued outside the PRC by PRC tax resident enterprises. It is uncertain as to whether the PRC tax authorities will change their enforcement practice in the future.

(ii) Capital gains

- Pursuant to Circular 36, gains derived by the Sub-Fund from trading of debt securities issued outside the PRC by PRC tax resident enterprises are arguably not subject to PRC VAT if both the seller and purchaser are outside the PRC and the transactions are completed outside the PRC.

(e) General:

- Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and



regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which the Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

- Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

(f) *Tax Provision:*

- In light of the uncertainty on the PRC tax treatment and in order to meet this potential tax liability for interest and capital gains, the Manager reserves the right to provide for PRC WIT and/or VAT on such gains and/or interest income and withhold the tax for the account of the Sub-Fund. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual PRC tax liabilities on gains and/or interest income derived from investments held by the Sub-Fund. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such capital gains and interest income will be taxed, the level of provision and when they subscribed and/or redeemed their Units in/from the Sub-Fund. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected.

*Common Reporting Standard ("CRS")*

CRS is promulgated by the Organization for Economic Co-operation and Development to facilitate the exchange of financial account information between relevant jurisdictions around the globe in an international and standardized manner. As part of Hong Kong's commitment in meeting the global standard for Automatic Exchange of Information in enhancing tax transparency and combatting cross-border tax evasion, the Government of Hong Kong Special Administrative Region has enacted local legislations to implement CRS through the Inland Revenue (Amendment) (No. 3) Ordinance 2016 (as the same may be amended from time to time, the "CRS Ordinance") which came into effect on 30 June 2016. The effective date of CRS in Hong Kong was 1 January 2017.

With effect from 1 January 2017, financial institutions in Hong Kong are required under the CRS Ordinance to perform due diligence on the account holders, obtain certain information from the account holders (including, but not limited to, tax residency and tax identification number etc.) and report information on any reportable accounts to the Hong Kong Inland Revenue Department ("IRD"). The IRD will then exchange the information collected with jurisdictions that have signed a Competent Authority Agreement with Hong Kong on an annual basis, to support tax compliance of partner jurisdictions and assist tax authorities of partner jurisdictions in identifying and taking follow-up actions against taxpayers who have not properly disclosed their offshore financial assets / income in their local jurisdictions. In parallel, the IRD will also receive financial account information of Hong Kong tax residents from the tax authorities of partner jurisdictions.

Under the CRS Ordinance, the Fund and the Sub-Fund would be regarded as a reporting "Financial Institution" for Hong Kong CRS purposes by virtue of being an "Investment Entity" which is established, managed and controlled in Hong Kong. Please refer to Section 50A of the CRS Ordinance for the definition of "Financial Institution" and "Investment Entity".

In order to comply with CRS, the Fund and the Sub-Fund, as a reporting "Financial Institution", is required to perform due diligence on the Unitholders and to obtain self-certifications and/or further information and documentation, if needed, from the Unitholders (including the establishment of their tax residence statuses) for CRS purposes. The information provided by the Unitholder to the Fund or the Sub-Fund may be disclosed and reported to the IRD and exchanged with the tax authorities of another jurisdiction or jurisdictions in which the Unitholder may be resident for tax purposes.

Further, if there is any change in circumstances that would affect an Unitholder's tax residence status which is known by the Manager or the Administrator, or if the Manager knows, or has reason to know based on information made available by the Unitholder to the Manager or the Administrator, that an Unitholder's self-certification is incorrect or unreliable, a new self-certification and/or additional documentation may be required from the Unitholder. The Unitholder should notify the Manager or the Administrator whenever any information provided to the Fund or the Sub-Fund is changed or becomes untrue, incomplete, inaccurate or misleading and provide the Manager or the Administrator with an updated self-certification and/or documentation within 30 days of such change in circumstances.

If the Unitholder does not provide the required information and/or documentation or fails to take action as is specified by the Manager or the Administrator within the time period specified, the Fund or the Sub-Fund may (i) report the relevant account information based on indicia identified pursuant to the requirements under the CRS and/or (ii) not accept the subscription from the prospective investor.

**The information provided herein in relation to CRS is of a general nature only and is not meant to serve as a basis for decision making. Changes in circumstances over time may affect the contents of this section. Unitholders should not act or make any decisions based upon this section without seeking appropriate professional advice regarding their particular circumstances.**

## GENERAL INFORMATION

### Reports and Accounts

The Fund's and the Sub-Fund's financial year end is on the Accounting Date in each year.

As an alternative to the distribution of printed audited accounts and unaudited semi-annual reports, the Manager will notify Unitholders where the annual report and audited accounts (in English only) can be obtained (in printed and electronic forms) within four months after the Accounting Date, and where the unaudited semi-annual accounts (in English only) can be obtained (in printed and electronic forms) within two months after the Semi-Annual Accounting Date in each year. Once issued, hardcopies of the reports and accounts are available upon request of Unitholders free of charge at any time during normal business hours on any Business Day at the office of the Manager.

Copies of the latest annual report and any subsequent semi-annual report will be sent free of charge only upon request. The Manager intends to make the latest annual report and any subsequent semi-annual report of the Fund and the Sub-Fund available on the website of the Manager ([www.invesco.com.hk](http://www.invesco.com.hk)). Investors should note that the aforesaid website is not reviewed or authorised by the SFC.

The Manager intends to adopt HKFRS in drawing up the annual accounts of the Fund and the Sub-Fund. It should however be noted that in amortising the establishment and termination costs of the Sub-Fund in accordance with the section headed "**Fees and Expenses - Establishment and Termination Costs**", possible deviation from such accounting standards may occur but the Manager does not expect this issue to be material under normal circumstances. The Manager may make necessary adjustments in the annual accounts in order to comply with HKFRS and to include a reconciliation note in the Fund's audited accounts.

### Publication of Prices

The Redemption Price for each Class of the Sub-Fund will be published on each Business Day of the Sub-Fund on the Manager's website [www.invesco.com.hk](http://www.invesco.com.hk). Investors should note that the aforesaid website is not reviewed or authorised by the SFC. The Manager may from time to time determine other appropriate means of publication of the Redemption Price, including local newspapers and service hotlines as notified to Unitholders from time to time.

### Termination of Fund or the Sub-Fund

The Fund shall continue for an unlimited period unless it is earlier terminated in one of the ways provided under the Trust Deed and as summarised below.

The Sub-Fund is expected to have an investment period of approximately 2.5 calendar years and the Sub-Fund will be terminated automatically on or around the Maturity Date. All Units will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Unitholders (who hold Units in the Sub-Fund as at the Maturity Date) according to the then Net Asset Value of the Sub-Fund no later than 10 Business Days but in any event not exceeding one calendar month after the Maturity Date. No Redemption Charge will be payable for such compulsory redemption of Units at the Maturity Date.

Invesco Global Bond Fixed Maturity Fund 2022  
(a sub-fund of Invesco Trust Series)

Prospectus

The Sub-Fund may also be earlier terminated in one of the ways provided under the Trust Deed and as summarised below.

A termination notice will be issued to the Unitholders at least one month prior to the early termination date in the case of termination prior to the Maturity Date, in which case proceeds will be distributed to Unitholders (who hold Units in the Sub-Fund as at the early termination date) no later than 10 Business Days but in any event not exceeding one calendar month after such early termination date. Otherwise, a termination notice will be issued to Unitholders at least one month prior to the Maturity Date to confirm the termination of the Sub-Fund.

### Termination by the Trustee

The Fund may be terminated by the Trustee by notice in writing to the Manager and the Unitholders if:-

- (a) the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee), becomes bankrupt or if a receiver is appointed over any of their assets and not discharged within 60 days;
- (b) in the reasonable opinion of the Trustee the Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders;
- (c) any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong), if applicable, to continue the Fund;
- (d) the Manager shall, have ceased to be the manager and, within a period of 30 days thereafter, no other qualified corporation shall have been appointed by the Trustee as successor manager; or
- (e) the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 6 months therefrom.

### Termination by the Manager

The Fund, the Sub-Fund and/or any Class of Units (as the case may be) may be terminated by the Manager in its discretion by notice in writing to the Trustee and the Unitholders if:-

- (a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding hereunder shall be less than USD 50 million or its equivalent or, in relation to the Sub-Fund, the aggregate Net Asset Value of the Units outstanding hereunder in respect of the Sub-Fund shall be less than USD 30 million or its equivalent or, in relation to any Class of Units, the aggregate Net Asset Value of the Units of such class outstanding hereunder in respect of such Class shall be less than USD 10 million or its equivalent;

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## GENERAL INFORMATION CONTINUED

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- (b) in the opinion of the Manager, it is impracticable or inadvisable to continue the Fund, the Sub-Fund and/or any Class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Fund, the Sub-Fund or the relevant Class of Units); or
- (c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong), if applicable, to continue the Fund and/or the Sub-Fund and / or any Class of Units of the Sub-Fund.

Further, the Sub-Fund or a Class of Units may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant Class (as the case may be) on such date on which such extraordinary resolution is passed or such later date (if any) as the extraordinary resolution may provide. At least twenty-one days' notice shall be given to the Unitholders in respect of a meeting of Unitholders where such extraordinary resolution will be tabled.

### *Trust Deed*

The Fund was established under the laws of Hong Kong by the Trust Deed. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. Any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law. However, the Trustee and the Manager shall not be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed for further details.

### *Voting Rights*

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting at which an extraordinary resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than

15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders, the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the register of Unitholders.

### *Transfer of Units*

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferee must be eligible to invest in the Fund. Further the transferee will need to sign an Application Form and provide all necessary information to the Manager, the Trustee or the Registrar to verify the transferee's identity.

The transferor and/or the transferee is responsible for the payment of any applicable stamp duty and obtaining the relevant stamp or clearance from the Hong Kong Inland Revenue Department. The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Manager, the Trustee or the Registrar or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Registrar for registration which will only be effected if the Manager, the Trustee or the Registrar is satisfied that all the requirements are met and all documents are in order. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single Class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the Minimum Holding Amount (if any) of the relevant Class.

The Manager or the Trustee may refuse to enter or cause to be entered the name of a transferee in the register or recognise a transfer of any Units if either of them believes that such will result in or is likely to result in the contravention of any applicable laws or requirements of any country, any governmental authority or any stock exchange on which such Units are listed, including without limitation any anti-money laundering or anti-terrorist financial laws or regulations, or will require any form of registration or other compliance procedures by the Fund or Sub-Fund.

### *Anti-Money Laundering Regulations*

As part of the Manager's and the Trustee's responsibility for the prevention of money laundering, the Manager/Trustee (through the Registrar or the Distributors) may require a detailed verification of an investor's identity and the source of payment of application moneys. Depending on the

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## GENERAL INFORMATION

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circumstances of each application, a detailed verification might not be required where:-

- (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager, the Trustee, the Distributor and the Registrar nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment.

In the event of delay or failure by the applicant to produce any documents or information required for verification of identity or legitimacy of the subscription monies, the Manager, the Trustee, the Distributor or the Registrar may refuse to accept the application and the subscription moneys relating thereto. Further, they may delay in paying any redemption proceeds if an applicant for Units delays in producing or fails to produce any documents or information required for the purposes of verification of identity. The Manager, the Trustee, the Distributor or the Registrar may refuse to make payment to the Unitholder if either of them suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Fund, the Manager, the Trustee, the Distributor, the Registrar or other service providers with any such laws or regulations in any relevant jurisdiction.

#### *Conflicts of Interest*

The Manager, the Investment Manager (if any), the Trustee, the Registrar and the Custodian (if any) may from time to time act as trustee, administrator, registrar, transfer agent, manager, custodian or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund and the Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Fund and the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly and taking into account investors' interests. Compliance procedures and measures such as segregation of duties and responsibilities have been put in place to minimize potential conflicts of interest. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

The Manager may also act as the investment manager of other funds whose investment objectives, investment approach and investment restrictions are similar to those of the Sub-Fund. The Manager or any of its connected persons may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or

sold by the Sub-Fund. Neither the Manager nor its connected persons is under any obligation to offer investment opportunities of which any of them become aware to the Sub-Fund or to account to the Sub-Fund in respect of (or share with the Sub-Fund or to inform the Sub-Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Sub-Fund and other clients. Where the Manager invests the Sub-Fund in shares or units of a collective investment scheme managed by the Manager or any of its connected persons, the manager of the scheme in which the investment is being made by the Sub-Fund must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any connected person of the Manager) borne by the Sub-Fund.

The Manager reserves the right for itself and its connected persons to co-invest on its own or for other funds and/or other clients with the Sub-Fund, although any such co-investment must be made on terms no better than those in which the Sub-Fund is investing. Further, the Manager and any of its connected persons may hold and deal in Units of the Sub-Fund or in investments held by the Sub-Fund either for their own account or for the account of their clients.

Subject to the restrictions and requirements applicable from time to time, the Manager, any Investment Managers as may be appointed by the Manager or any of their respective connected persons may deal with the Sub-Fund as principal provided that dealings are effected on best available terms negotiated and on an arm's length basis. Any transactions between the Sub-Fund and the Manager, the Investment Managers (if any) as may be appointed by the Manager or any of their connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions must be disclosed in the Sub-Fund's annual report.

In effecting transactions for the account of the Sub-Fund with brokers or dealers connected to the Manager, the Investment Manager (if any) or their connected persons, the Manager shall ensure that it complies with the following requirements:

- (a) such transactions should be on arm's length terms;
- (b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) the Manager must monitor such transactions to ensure compliance with its obligations; and

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## GENERAL INFORMATION

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- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Sub-Fund.

The services of the Trustee provided to the Fund and the Sub-Fund are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all appropriate fees and benefits. The Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Fund and the Sub-Fund any fact or information which comes to the notice of the Trustee in the course of the Trustee rendering similar services to other parties or in the course of its business in any other capacity, otherwise than in the course of carrying out its duties under the Trust Deed or as required by any applicable laws and regulations for the time being in force.

If cash forming part of the Sub-Fund's assets or distribution account is deposited with the Trustee, the Manager, the Investment Manager (if any) or with any connected person of these companies (being an institution licensed to accept deposits), such institution shall allow interest thereon in accordance with normal banking practice for deposits of that term at a rate not lower than the prevailing commercial rate for deposits of a similar size and term, in the same currency and with institutions of a similar standing negotiated at arm's length (which may at times be zero or negative). Subject thereto, the Trustee, the Manager, the Investment Manager (if any) or their connected persons shall be entitled to retain for its or their own use and benefit any benefit which it may derive from any cash for the time being in its or their hands (whether on current or deposit account) as part of the Sub-Fund or of a distribution account (as the case may be).

#### *Facsimile Instructions*

Investors should be reminded that if they choose to send the Application Forms, Redemption Forms or Switching Forms by facsimile or such other means, they bear their own risk of such Application Forms, Redemption Forms or Switching Forms not being received. Investors should note that the Fund, the Sub-Fund, the Manager, the Trustee, the Registrar and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any Application Form, Redemption Form or Switching Form sent by facsimile or other means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager, the Trustee or the Registrar safe receipt of an application.

#### *Forfeiture of Unclaimed Proceeds or Distributions*

If any redemption proceed or distribution remains unclaimed six years after the relevant Business Day or distribution date, as the case may be, (a) the Unitholder and any person

claiming through, under or in trust for the Unitholder forfeits any right to the proceed or distribution; and (b) the amount of the proceed or distribution will become part of the Sub-Fund unless the Sub-Fund shall have been terminated in which case such amount shall be paid into a court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

#### *Market Timing*

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions or switching of Units from a Unitholder which it suspects to use such practices and take, as the case may be, the necessary measures to protect the Unitholders of the Sub-Fund.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes, redeems or switches Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the Sub-Fund.

#### *Certification for Compliance with FATCA or Other Applicable Laws*

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or the Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Fund or the Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under IRC and the United States Treasury Regulations promulgated under the IRC, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

#### *Power to Disclose Information to Tax Authorities*

Subject to applicable laws and regulations in the United States or Hong Kong, the Fund, the Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the US IRS), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, employer identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, to enable the Fund or the Sub-Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

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## GENERAL INFORMATION

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#### *Personal Data*

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) (“**PDPO**”), the Trustee, the Manager, or any of their respective delegates (each a “**Data User**”) may collect, hold, use personal data of individual investors in the Fund and the Sub-Fund only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

#### *Documents Available for Inspection*

Copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee:-

- (a) the Trust Deed, and any supplemental deeds; and
- (b) the latest annual reports and audited accounts and unaudited semi-annual accounts (if any) of the Fund and the Sub-Fund which shall be made available free of charge.

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## APPENDIX A

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### Set Distribution

Unit Class	Distributions may be paid out of capital	Distributions will be paid out of gross income while paying all or part of fees and expenses out of the capital (i.e. paid effectively out of capital)	Fixed Amount per month <sup>(1)</sup>	Effective Date of Fixed Amount per month
A(USD)-MD1	Yes	Yes	USD 0.0310 per Unit	The record date of the first distribution
A(HKD)-MD1	Yes	Yes	HKD 0.3100 per Unit	The record date of the first distribution

Notes:

- (1) The distribution rates in this column are accurate as at the date of publication of this Prospectus. If there is a change to any distribution rates, information will be made available on the website of the Manager at [www.invesco.com.hk](http://www.invesco.com.hk) at least one month in advance. This website has not been reviewed or authorised by the SFC.



# PRODUCT KEY FACTS

## Invesco Global Bond Fixed Maturity Fund 2022

A sub-fund of Invesco Trust Series

Issuer: Invesco Hong Kong Limited

15 July 2019

FOR ATTENTION OF HONG KONG INVESTORS

<p><b><i>This statement provides you with key information about this product. This statement is a part of the Prospectus and should be read in conjunction with the Prospectus. You should not invest in this product based on this statement alone.</i></b></p>		
<b>Quick facts</b>		
<b>Fund Manager/ Management Company:</b>	Invesco Hong Kong Limited	
<b>Base Currency:</b>	USD	
<b>Dealing Frequency<sup>^</sup>:</b>	Daily	
<p><sup>^</sup> The Fund is open for subscription from 15 July 2019 to 26 July 2019 (the “<b>Initial Offer Period</b>”) for Class A(USD)-MD1 units and Class A(HKD)-MD1 units. The Fund will be closed to subsequent subscriptions after the Initial Offer Period. Notwithstanding the above, unitholders may continue to redeem their units at any time, including after the Fund has been closed to subsequent subscription. Switching between classes of units of the Fund and switching of units of another fund into the Fund are not allowed.</p>		
<b>Trustee:</b>	State Street Trust (HK) Limited	
<b>Financial year end:</b>	31 March	
<b>Ongoing charges over a year*:</b>	A(USD)-MD1 A(HKD)-MD1	0.80% 0.80%
<p>* This figure is an estimate only as the Fund is newly established and represents the sum of the estimated ongoing expenses for a 12-month period chargeable to the Fund expressed as a percentage of the Fund's estimated average net asset value over the same period. The actual figure may be different from the estimate and may vary from year to year.</p>		
<b>Dividend Policy:</b>	Class A: Monthly Distribution-1 (MD1) (Dividends will be paid to the investors)*	
<p>* The Fund will not pay any distributions for the first two calendar months after the Fund's launch date. Please refer to the Prospectus for further details.</p> <p>The distribution amount will be fixed at the discretion of the Fund Manager and disclosed in the Prospectus. Please refer to Appendix A of the Prospectus for the fixed amount of distributions per month. The monthly distribution payment amount per unit will be reviewed and re-set on at least an annual basis based on the existing market conditions at such time, at the discretion of the Fund Manager.</p> <p>In respect of Monthly Distribution-1 (MD1) units, the Fund Manager may at its discretion pay distributions out of capital of the class. The Fund Manager may also, at its discretion, pay distributions out of gross income, while paying all or part of the fees and expenses attributable to the class out of the capital of the class, resulting in an increase in distributable income for payment of distributions by the class. Therefore, such class may effectively pay distributions out of capital. Any distributions involving payment out of, or effectively out of, the capital of the class may result in an immediate reduction of the net asset value per unit of the class.</p>		
<b>Minimum Investment/Minimum Subscription Amount:</b>		
Class	A	
Initial	USD 1,500 HKD 10,000	
Additional	N/A	
Note: No additional subscription after Initial Offer Period.		



# Invesco Global Bond Fixed Maturity Fund 2022

## What is this product?

Invesco Global Bond Fixed Maturity Fund 2022 (the “Fund”) is a sub-fund of Invesco Trust Series, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

## Objectives and Investment Strategy

The Fund aims to generate income throughout the investment period and return the initial investment capital upon maturity (for the avoidance of doubt, the Fund is not a guarantee or capital-protected product). The Fund seeks to achieve its investment objective by providing unitholders with exposure to a buy-and-hold portfolio of USD denominated global fixed income instruments with active risk monitoring and primarily investing in Investment Grade fixed income instruments over a fixed investment period of 2.5 years from the close of the Initial Offer Period up to the Fund’s Maturity Date (as defined below).

The Fund will invest primarily (i.e. at least 70% of its net asset value) in a portfolio of global fixed income instruments denominated in USD issued by issuers selected by the Fund Manager at its discretion (such as governments, government agencies, supranational entities, corporations, financial institutions and banks), which may include issuers located in emerging as well as developed markets.

The Fund will invest:

- more than 70% of the net asset value in Investment Grade fixed income instruments; and
- less than 30% of the net asset value in non-Investment Grade fixed income instruments and unrated fixed income instruments.

“Investment Grade” is defined as BBB- or above from Standard & Poor’s, Baa3 or above from Moody’s, BBB- or above from Fitch or an equivalent rating from an internationally recognized credit rating agency. For the avoidance of doubt, if the ratings of the fixed income instruments amongst credit rating agencies differ, the highest available rating assigned by an internationally recognized credit agency will be used for the purpose of this determination. Any fixed income instruments which are not rated by any international rating agency such as Moody’s, Standard & Poor’s and Fitch will be considered as “unrated”.

The Fund will invest primarily in USD denominated fixed income instruments and may invest in derivative instruments for hedging purposes only. The Fund may not invest more than 40% of its net asset value in USD denominated fixed income instruments issued or guaranteed by a single country and may not invest more than 10% of its net asset value in sovereign securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) that has a credit rating below Investment Grade or is unrated. In particular, investors should note that the Fund may invest more than 30% of its net asset value in offshore USD denominated fixed income instruments issued or guaranteed by Chinese entities with significant exposure in China.

In addition, the Fund will invest not more than 30% of its net asset value in aggregate in perpetual bonds and convertible bonds (including contingent convertible securities).

The Fund will not invest in equities, collective investment schemes, asset-backed securities (including mortgage-backed securities) or asset-back commercial paper.

The Fund will adopt a buy and hold strategy with active risk monitoring. The Fund Manager will actively monitor and manage the risk level of the portfolio during the investment period. When the credit rating of an instrument or issuer falls below Investment Grade or its credit profile deteriorates in the opinion of the Fund Manager after initial purchase, the Fund Manager will, at its full discretion, decide whether to hold or sell such instrument after considering various factors, including but not limited to risk of default, time to maturity, liquidity and market price, and re-invest the sale proceeds in other fixed income instruments within the scope of the above investment strategy.

For the purposes of liquidity management, the Fund will be investing in high diversity of fixed income instruments through limiting the investment holding of each fixed income instrument to below 5% of the net asset value of the Fund, and at the time of purchase, all fixed income instruments purchased should have a nominal issue size of at least USD 200 million. The Fund will not invest in private placement bonds.

The maturity or remaining investment term of at least 70% of the Fund’s underlying investments will be shorter than the Fund’s investment period. Proceeds received from instruments maturing before the Maturity Date shall be reinvested or held in cash or cash equivalents, at the Fund Manager’s discretion. The Fund Manager will seek for the Fund to be fully invested but may hold up to 40% of the net asset value in investments in cash or cash equivalents during the investment period on an ancillary and

## Invesco Global Bond Fixed Maturity Fund 2022

temporary basis, in circumstances such as but not limited to the re-investment of cash proceeds from (a) fixed income instruments maturing before the Fund's maturity or being callable prior to the fixed income instrument's maturity, or (b) the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Fund Manager. Furthermore, the Fund Manager may hold up to 100% of the Fund's net asset value in cash or cash equivalents during the two months prior to the Maturity Date in anticipation of the Fund's maturity.

The Fund is expected to have an investment period of approximately 2.5 calendar years and the Fund will be terminated automatically at the maturity which is expected to be on or around 28 January 2022 (the "**Maturity Date**"). Unitholders will be notified by way of a termination notice at least one month prior to the Maturity Date to confirm the termination of the Fund. Any costs associated with such termination will be borne by the Fund. All units will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to unitholders (who hold units in the Fund as at the Maturity Date) according to the then net asset value of the Fund. The costs associated with such termination are estimated to be approximately USD 18,000 and shall be amortised over the period from the close of the Initial Offer Period up to the Maturity Date.

The Fund Manager currently does not intend to enter into any securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions in respect of the Fund. The approval of the Hong Kong Securities and Futures Commission ("**SFC**") will be sought and at least one month's prior notice will be given to unitholders should there be a change in such intention.

### What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including the risks factors.**

- **General investment risk** - There can be no assurance that the Fund will achieve its investment objective. There is no guarantee of the repayment of principal. The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses.
- **Neither income, return nor capital of the Fund is guaranteed or protected** - There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. Neither the income, the return nor the capital of the Fund is guaranteed. The value of investments and the income derived from such investments may fall as well as rise. There are risks that investors may not recoup the original amount invested in the Fund during the investment period as well as at the Maturity Date. Investment in the Fund may decline in value and investors should be prepared to sustain a substantial or total loss of their investment.
- **Limited duration risk** - Investors should note that the duration of the Fund is limited (i.e. up to the Maturity Date). The Fund will be terminated automatically at maturity and is expected to have an investment period of approximately 2.5 calendar years. Although investors are entitled to redeem their holdings in the Fund during the investment period, they are advised to consider whether the expected investment period of 2.5 calendar years is suitable for their intended objectives before they invest in the Fund. In view of the Fund's operational features, in case investors redeem from the Fund before the Maturity Date, (a) neither the income nor the capital of Fund is guaranteed at maturity and redemption of units prior to the Maturity Date will be subject to the value of the portfolio of instruments held by the Fund. Therefore, redemption proceeds may be lower or higher than the investors' initial investments and there is no guarantee that the investor will receive the full amount of their original investment; (b) the decrease in fund size of the Fund resulting from the redemptions will have an immediate impact on the ongoing charges figure (as a percentage of the Fund's NAV), and may lead to adverse impact on investors' return; (c) the redemptions by investors prior to the Maturity Date, if significant, may trigger the early termination of the Fund (details of triggering events are set out under "Early termination risk" below); and (d) deterioration in the liquidity of the Fund's underlying investments may also affect the Fund's ability to pay out redemption or termination proceeds to investors.
- **Prepayment and reinvestment risk** - The issuers of fixed income instruments (especially those issued at high interest rates) may repay principal before the maturity of the instruments. Prepayments may cause losses on instruments purchased at a premium. Unscheduled prepayments for fixed income instruments issued at par may result in a loss equal to any unamortised premium. Repayment of principal before the Fund's maturity as well as the re-investment of cash proceeds from the sale of fixed income instruments where a potential deterioration of credit profiles is anticipated by the Fund Manager create out of market risk and the uncertainty of gaining access to fixed income instruments delivering similar yield to maturity resulting in lower interest income and returns to the Fund.
- **Early termination risk** - The Fund may be terminated on the occurrence of certain events, such as where the aggregate net asset value of the units outstanding in respect of the Fund shall be less than USD 30 million or its equivalent or a class of units may be terminated where the aggregate net asset value of the units outstanding in respect of such class of units shall be less than USD 10 million or its equivalent, or where unitholders resolve to terminate Invesco Trust Series, the Fund and/or any class of units by extraordinary resolution. Unitholders will be notified by way of a termination notice at least one month prior to the early termination date. Upon the termination of the Fund, all the assets of the Fund will be realised and the net proceeds thereof which are available for distribution will be distributed to relevant unitholders with reference to the number of units held by them. It is possible that at the time of such sale or distribution, certain investments held by the Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to investors. Investors should note that the

## Invesco Global Bond Fixed Maturity Fund 2022

amount distributed to them may be less than the amount of their initial investment. For the avoidance of doubt, any termination costs which have been amortised up to the early termination date will be utilised to pay the Fund's expenses associated with the termination and any expenses in excess will be borne by the Fund Manager.

- **Limited subscription risk** - With regard to the Fund's Initial Offer Period, the Fund Manager may exercise its discretion to extend the Initial Offer Period or not to issue any units in the event that (i) the minimum aggregate investment of USD 100 million (or such other minimum amount as may be determined by the Fund Manager at its sole discretion) is not received during the Initial Offer Period; or (ii) the Fund Manager is of the opinion that it is not in the commercial interests of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with such launch. In such case, investors will be informed of (i) the extension of the Initial Offer Period and any corresponding change to the Maturity Date or (ii) the decision not to proceed with the launch. In the event that the Fund Manager decides not to proceed with the launch, any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Initial Offer Period. In addition, the Fund will be closed to subsequent subscriptions after the Initial Offer Period and no subsequent subscription to the Fund will be accepted.
- **Country concentration risk for China** - As the Fund may invest more than 30% of its net asset value in offshore USD denominated fixed income instruments issued or guaranteed by Chinese entities with significant exposure in China, the value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the China market.

### ▪ Risks relating to fixed income instruments

#### Credit / counterparty risk

- The Fund is exposed to the credit/counterparty risk of issuers of the fixed income instruments that the Fund may invest in.

#### Interest rates risk

- Investment in the Fund is subject to interest rate risk. In general, the prices of the fixed income instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

#### Volatility and liquidity risk

- Fixed income instruments in emerging market countries may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of such instruments may be large and the Fund may incur significant trading costs.

#### Credit rating downgrading risk

- The credit rating of a fixed income instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Fund Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

#### Credit ratings risk

- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the instrument and/or issuer at all times.

#### Sovereign debt risk

- The Fund's investments 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 Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

#### Valuation risk

- Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Fund.

- **Emerging market risk** - The Fund invests 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/controls, political and economic uncertainties, policy, legal or regulatory event and taxation risks, settlement risks, custody risks and the likelihood of a higher degree of volatility.
- **Concentration risk** - Since the Fund invests primarily in a portfolio of global fixed income instruments denominated in USD, the value of the Fund may be subject to greater volatility than a broad-based fund that adopts a more diversified strategy. This may have an adverse impact on the Fund and its investors.
- **Currency and foreign exchange risk** - The Fund may issue classes denominated in a currency other than the base currency of the Fund. Also, the Fund may be invested in part in assets quoted in currencies other than its base currency or the

## Invesco Global Bond Fixed Maturity Fund 2022

relevant class currency. The net asset value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

- **Derivatives and hedging risk** - The Fund Manager may make use of financial derivative instruments for the purpose of hedging, but will not use financial derivative instruments for investment purposes. There is no assurance that the use of hedging strategies, techniques and derivative instruments will fully and effectively eliminate the risk exposure of the Fund. Hedging may become inefficient or ineffective. In adverse situations, the Fund may even suffer significant losses.
- **Contingent convertibles risk**
  - Contingent convertible bonds are a type of debt security, issued by a financial institution that may be converted into equity or could be forced to suffer a write down of principal upon the occurrence of a pre-determined trigger event. The trigger event is ordinarily linked to the financial position of the issuer. In stressed market conditions, the liquidity profile of the issuer can deteriorate significantly and a significant discount may be required in order to sell the contingent convertible bonds.
  - Contingent convertible bonds can carry higher risk than investment in traditional debt instruments/ convertibles and in certain cases equities since coupon payments may be discretionary and can be cancelled at any time for any reason.
  - Contingent convertible bonds can also be exposed to several other risks, including but not limited to trigger level risk, capital structure inversion risk, call extension risk, unknown/uncertainty risk and valuation risk.
- **Risk associated with payment of dividends and/or fees and expenses out of capital**
  - 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 that original investment. Any such distributions may result in an immediate reduction of the net asset value per unit in respect of such class after the distribution date.
  - Investments in the Monthly Distribution-1 (MD1) are not an alternative to a savings account or fixed-interest paying investment. The amount of distributions paid by Monthly Distribution-1 (MD1) is unrelated to expected or past income or returns of the unit class or the Fund. The distribution can thus be higher or lower than the income and return that were effectively realized. Monthly Distribution-1 (MD1) will continue to distribute in periods that the Fund has negative returns or is making losses, which further reduces the net asset value of the Fund. In extreme circumstances, investors may not be able to get back the original investment amount.
  - In addition, the amount of distributions for the Monthly Distribution-1 (MD1) will be fixed at the discretion of the Fund Manager in terms of the relevant class currency and will not take into account the fluctuations in the exchange rate between the base currency and the relevant class currency subsequent to the determination of the fixed amount of distributions in terms of the relevant class currency.

### How has the fund performed?

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

### 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 units of the Fund.

Fee	What you pay
Subscription fee (subscription charge) (% of gross investment amount)	Class A Unit: Up to 3%
Switching fee (% of the value of units being switched)	Class A Unit: Up to 1%
Redemption fee (redemption charge)# (% of redemption amount)	Class A Unit: Nil#

#Although the Fund does not charge a redemption fee, investors may still be subject to swing pricing adjustments when they redeem from the Fund. For further details, please refer to "Adjustment of Prices" under the section "VALUATION AND SUSPENSION" in the Prospectus.

## Invesco Global Bond Fixed Maturity Fund 2022

### 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 value)

Management fee*	Class A Unit: Current:	0.60% p.a.
Trustee Fee*	First USD 50 million of net asset value Balance of net asset value (subject to a minimum monthly fee of USD 1,250)	0.03% p.a. 0.02% p.a.
Performance fee	N/A	
Administration Fee*	First USD 50 million of net asset value Balance of net asset value (subject to a minimum monthly fee of USD 1,250)	0.03% p.a. 0.02% p.a.

\*The fees can be increased up to the specified permitted maximum level as set out in the Prospectus by giving not less than one month's notice to the investors.

### Other fees

You may have to pay other fees when dealing in the units of the Fund. For details, please refer to the Prospectus.

### Additional Information

- The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) in respect of the Monthly Distribution-1 (MD1) units for the last 12 months are available from the Fund Manager on request and also on the Fund Manager's website [www.invesco.com.hk](http://www.invesco.com.hk). The aforementioned website has not been reviewed or authorised by the SFC.
- You generally redeem units at the Fund's next-determined net asset value after the Registrar (through the Distributors) receives your request in good order on or before 5.00 p.m., Hong Kong time being the Fund's dealing cut-off time. Before placing your redemption orders, please check with your distributor for the distributor's internal cut-off time (which may be earlier than the Fund's dealing cut-off time).
- The net asset value of this Fund is calculated and the price of units is published each "business day" on the Fund Manager's website [www.invesco.com.hk](http://www.invesco.com.hk). The aforementioned website has not been reviewed or authorised by the SFC.
- Investors may obtain other information of this product at [www.invesco.com.hk](http://www.invesco.com.hk). The aforementioned 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.