

HANG SENG INVESTMENT FUND SERVICES

Hang Seng Bank Limited (the "Bank") offers a broad selection of investment funds and provides you with a one-stop investment service. Investment can be made conveniently via our various channels, and certain market commentaries and other information can be obtained through our service platform.

Before deciding to invest, you must first understand, among other things :

- Investments involve risks, including the possibility of (substantial) capital loss. Risks associated with investments in the relevant fund may change over time along with market conditions, and not all the investment risks are predictable. Therefore, your investment in relevant fund may suffer losses. There is no guarantee of the repayment of principal.
- Investment fund is not equivalent to bank deposits and therefore is not protected by the Deposit Protection Scheme in Hong Kong.
- Your own investment objectives, risk tolerance level, investment experience, preferred investment tenor, financial condition and specific needs etc.
- Our Risk Profiling Questionnaire aims to help you understand your risk tolerance level and help you choose the investment product that is relatively suitable for you.

IMPORTANT

If you are in doubt as to any aspect of this offer, you should consult a licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser.

Our services:

- Various channels to provide fund investment services. Investment funds order placing, account enquiry and collection of the latest market and product information can be done via Hang Seng Fund SuperMart, our phone banking services and branches.
- Market Commentaries and Fund Research Reports provided by various fund houses may help you to grasp the market focus and explore investment opportunities.
- A well-developed service platform aims to provide you with information that may be useful and help you make your investment decision.
- In respect of investment funds distributed by the Bank and made available to retail investors in Hong Kong, the Bank is acting as agent. The investment funds distributed by the Bank are provided by various fund houses, including but not limited to our affiliates HSBC Global Asset Management (Hong Kong) Limited and HSBC Jintrust Fund Management Company Limited and our wholly owned subsidiary Hang Seng Investment Management Limited.

Notice to Customers for Fund Investing

Important Risk Warnings/Notes to Prospective Investors:

- ❖ The investments of the fund are subject to, among other risks, counterparty and credit risks of the counterparties and/or issuers of the underlying investments.
- ❖ The insolvency of and/or default in payment by a counterparty / an issuer in a transaction with the fund would adversely affect the value of the fund's assets and the fund's ability to meet its payment obligations. Hence, the fund may suffer substantial losses.
- ❖ Investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio) so as to avoid the investment portfolio before over-exposed to any particular investment risk.
- ❖ Risks may change over time along with market conditions. Investors should review their portfolio regularly.
- ❖ Investors should exercise caution in relation to fund(s) that are considered Complex Products as defined under the Guidelines of the Securities and Futures Commission in Hong Kong ("SFC") on Online Distribution and Advisory Platforms. Investors should also pay special attention to Section 1.1 and 2.1 of this document.



- ※ This document aims to set out the key points to note for investing in funds (including fund(s) that are considered Complex Products as defined under the SFC's Guidelines on Online Distribution and Advisory Platforms). Please read through this document before investing.
- ※ **Before making an investment decision, customers are reminded to read carefully the relevant fund's offering documents in the language version(s) provided (including the risk factors stated therein), and to seek independent professional advice in case of doubt and/or where they consider necessary.**

1. Investment objectives, relevant risks and other details of the fund

- 1.1 The authorization status of the fund, i.e. whether the fund has been authorized by SFC. (SFC authorization is not a recommendation or endorsement of a fund nor does it guarantee the commercial merits of a fund or its performance. It does not mean the fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.)
- 1.2 Different funds have different investment objectives and policies and involve different risks/level of risks. Even for funds investing in the same region or market, with differences in investment strategies and focuses, the risks/level of risks and return may vary under different market situations. **Before investing, customers should consider whether the relevant fund suits their own investment objectives, financial condition and whether they can bear the risks involved in investing in the relevant fund etc.**
- 1.3 Features of the fund include, but are not limited to, the underlying market, asset type or related index the fund invests in, the worst case scenarios, fees and charges, base currency, dealing days, distribution policy (for income units) and investment tenor, etc.
- 1.4 In general, investment funds are for mid-to-long-term investment. Short holding or frequent trade of investment funds may be contradictory to the investment objective or investment tenor of the relevant funds, the related transaction costs of such trading practice may also have a greater impact on the investment return and the position of profit and loss. Investors should read the description of investment tenor of a fund in the relevant fund's offering documents (if any) in order to understand whether the relevant fund matches the investor's own circumstances including but not limited to the investor's investment objective, expected type of investment return, and financial situation; and investors should carefully consider the appropriateness of the transaction.
- 1.5 The general information on the key parties, including the fund manager, the trustee/custodian, the issuer(s) of the underlying investments of the fund, for example, background, history, performance and financial conditions, investment philosophy, reputation, creditworthiness, licensing condition, place of incorporation/registration, regulatory status (such as subject to the supervision of which regulatory authority), etc. (as the case may be).
- 1.6 The fund may be terminated early under certain circumstances, for example, if the size of the fund falls below a pre-determined amount; or for index fund, the Index is no longer available for benchmarking (including in circumstances where the Index license agreement is terminated). Investors may not be able to recover their investments and may suffer a loss when the fund is terminated.
- 1.7 **The major risks associated with investment in the relevant fund, such as counterparty risk, credit risk of the issuer(s) of the underlying investments of the relevant fund, the risks of capital loss, market risks, interest rate risks, liquidity risks and exchange rate risks, as well as the risk that the relevant laws or tax rules may change (as the case may be).**
- 1.8 **The additional and/or higher risks and special considerations involved for investing in specialized funds (e.g. feeder funds, leveraged funds, index funds, structured funds and funds that invest in financial derivative instruments) and/or for funds investing in emerging markets.** For instance, the risks for funds which are index funds include, but are not limited to, tracking error risk, concentration risk and risks associated with passive investments, and there can be no assurance that

the performance of an index fund will be identical to the performance of the relevant index.

1.9 One of the key risks associated with investment funds that distribute income (if any) in the form of cash payment of distributions out of capital risk.

Funds that distribute income (if any) in the form of cash are not capital guaranteed funds. Past income distribution record is for information and reference only and there can be no guarantee in respect of the amount of income distribution and the distribution policy may change. Income distribution is subject to the fund manager's discretion. Where the income generated by the fund is insufficient to pay a distribution as the fund declares, the fund manager may make distribution from capital including realized and unrealized capital gains. Such distribution may reduce the capital available for investment in the future and capital growth. It may also result in an immediate decrease in the net asset value per unit.

1.10 The special features and risks of funds investing primarily in high-yield debt securities, including but not limited to:

- **Higher credit risk** - Since high-yield debt securities are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default.
- **Vulnerability to economic cycles** - During economic downturns, high-yield debt securities typically fall more in value than investment grade debt securities as investors become more risk averse and default risk rises.
- The net asset value of a high-yield bond fund may decline or be negatively affected if there is a default of any of the high yield debt securities that the fund invests in or if interest rate changes.
- **Capital growth risk** - A high-yield bond fund may have fees and/or dividends paid out of capital. As a result, the capital that the fund has available for investment in the future and capital growth may be reduced.
- **Dividend distributions** - A high-yield bond fund may not distribute dividends, but instead reinvest the dividends into the fund or alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/or capital of the fund. Also, a high distribution yield does not imply a positive or high return on the total investment.
- **Concentration of investments** – The investments of a high-yield bond fund may be concentrated in particular type(s) of specialized debt or a specific geographical region or sovereign securities.

1.11 The special features and risks of funds classified as ESG (Environmental, Social and Governance) Funds by the Bank's classification framework ("ESG Funds"):

- In broad terms "ESG and Sustainable Investing" products include investment approaches or instruments which consider environmental, social, governance and/or other sustainability factors to varying degrees. Certain instruments we classify as sustainable may be in the process of changing to deliver sustainability outcomes.
- There is no guarantee that ESG Funds will produce returns similar to those which do not consider the ESG factors. ESG and Sustainable Investing products may diverge from traditional market benchmarks. In addition, there is no standardised definition of, or measurement criteria for, ESG and Sustainable Investing or the impact of ESG and Sustainable Investing products. ESG and Sustainable Investing and related impact measurement criteria are (a) highly subjective and (b) may vary significantly across and within sectors.
- The Bank may rely on ESG measurement criteria devised and reported by HSBC Group, third party providers or fund house. The Bank does not always conduct its own specific due diligence in relation to such measurement criteria. There is no guarantee: (a) that the Bank's nature of the ESG / sustainability impact or measurement criteria of the Funds would be aligned with any particular investor's sustainability goals; or (b) that the stated level or target level of ESG / sustainability impact of the investment product will be achieved.
- ESG and Sustainable Investing is an evolving area and new regulations are being developed which may affect how investment products can be categorised or labelled. An investment product which is considered to fulfil sustainable criteria during the latest classification framework by the Bank may not continue to meet such criteria at some point in the future.

1.12 The special features and risks of funds investing primarily in corporate loans, including but not limited to:

- **General Risks of Corporate Loans** - Corporate loans tend to have a higher liquidity risk as compared with corporate bonds due to a longer settlement period and a less liquid market. It may



have higher credit risk and valuation risk compared to corporate bonds. It may operate as a covenant-lite structure (e.g. financing is given with limited restrictions on the debt-service capabilities of the borrower, collateral and payment terms), may also lack the anti-fraud protections of the federal securities laws which are available to stocks and bonds, and may be subject to higher fraud risk. A senior secured corporate loan may not be the first lien and so the fund that invests in the senior secured corporate loan may not have a superior claim to payment in case of a default by the borrower. The loan may not be fully secured by collateral and so the fund that invests in such loan may not be able to recover the full amount of the principal invested. Due to the differences in underlying risk profile, corporate loans should not be viewed as a substitute for high yield bonds.

- **Higher Counterparty Risk** - The issuers of corporate loans may assume large amounts of debt in order to achieve their business objectives and may enter into transactions such as refinancing, recapitalizations, mergers and acquisitions, and other financings for general corporate purposes. High indebtedness and restructurings can be the result of, or lead to, financial distress for the issuers, resulting in losses to the fund that invests in such loans.

1.13 **The special features and risks for investing in alternative investment funds**, including but not limited to:

- **General risk for investing in Alternative Investment Funds** - Alternative investment funds may use a variety of alternative investment strategies. Apart from traditional techniques like portfolio planning and diversification, alternative investment funds may also employ one or more of the following strategies, such as long / short, event driven, global macro, relative value, market neutral, etc. There is no guarantee that these strategies will succeed and their use may subject the fund to greater volatility and loss. Alternative investment strategies may involve investment in other asset classes (such as currency, interest rate, commodity, etc.) other than traditional equities, debt securities and money-market instruments. This involves risks in addition to those risks with direct investments in securities. The diversity of investment strategies and the use of different financial instruments by alternative investment funds mean that different alternative investment funds may vary enormously in terms of risks and returns. Because of their complexity, alternative investment funds are only suitable for those who are able to understand and bear the risks involved.
- **Leverage risk** - Fund managers may utilize derivatives such as futures / contracts-for-difference etc. to facilitate application of certain alternative investment strategies, hedging and effective fund management. Derivatives could be sensitive to changes in economic / market conditions that could result in significant loss to the fund. The amount of initial margin is generally small relative to the size of the derivative contract so that the transaction may be leveraged in terms of market exposure. The fund may have a net leveraged exposure of over 100% of its Net Asset Value that may result in a magnified loss.
- **Short selling risk** - The fund may take short positions on a security (via derivatives) to take advantage in the expectation that the value of the security will fall. There is no assurance that the security will decline sufficiently in value to offset the costs associated with the short position. The potential loss to taking short position may be unlimited as there is no restriction on the price to which a security may rise. The short selling of investments may also be subject to changes in regulations, which could impose restrictions that could adversely impact returns to investors.
- **Risk to fund that targets 'Absolute Return'** - Funds which include 'Absolute Return' in investment objective / policy target to achieve positive returns regardless of market conditions. These funds may apply traditional 'long-only' strategy coupled with other alternative investment strategies, and when determined appropriate from time to time, holding cash and cash equivalent instruments in order to create excess returns that do not depend on market movement. Funds employ alternative investment strategies may have relatively low correlations with traditional equity and debt securities markets, and may not go along with the market trends. This, however, may not imply that the target absolute return is guaranteed and there could be circumstances where negative returns are generated.
- **Derivatives risk** - Alternative investment funds may use derivatives to hedge market and currency risk and for the purposes of efficient portfolio management. Certain alternative investment funds may use more complex derivative strategies for investment purposes. The use of derivatives may expose funds to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the funds trade, the risk of settlement default, lack of liquidity of the derivatives, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the relevant fund is seeking to track and greater transaction costs than investing in the underlying assets directly.
- **Liquidity risk** - Alternative investment funds may utilize trading derivatives or other alternative

asset classes for the purposes of efficient portfolio management, liquidity risk may come from the inability to enter into a desired transaction or any offsetting position which might adversely affect the fund performance.

- **Counterparty risk** - Some funds may be exposed to the default risks from failure of the counterparty to fulfill liabilities for holding positions in derivatives, in particular to funds gaining exposure largely by derivatives (e.g. synthetic funds, alternative investment funds, etc.).
- **Gating Risk** – In the event that redemption request of the fund on a particular dealing day, is higher than the limit described in the offering documents of the fund, a gate or partial execution of redemption requests may be implemented generally on a pro-rata basis. Gating is for temporarily relieve the pressure of unloading fund assets in big amounts at inappropriate market conditions.
- **Risk of redemption suspension** – Suspension of redemption is a temporary halt in exiting the fund during a given redemption window. This is a stronger measure than gating because there is no dealing for the fund. This is in general only used under special circumstances such as when liquidity conditions have markedly deteriorated in a short period of time or when there are heavy asset outflows, such as the loss of a core investor. Typically, this would lead to a restructuring of the fund or other plan to ensure an orderly liquidation of assets on basis of equal and fair treatment to all investors.
- **Risk of side pocket** – When certain underlying assets of the fund become less liquid, fund manager may segregate these illiquid positions into a side pocket. Generally, the side pocket is aimed for liquidation, i.e. selling down the illiquid positions once market liquidity returns. There may not be a fixed timeline for the liquidation of the side pocket and investors may receive no payments from liquidation in some cases.

1.14 The category “Property Investment Fund” means Property Investment Funds that may invest wholly or substantially in physical real properties / real estate directly or indirectly via other investment vehicles such as underlying funds. **The special features and risks for investing in property investment funds**, including but not limited to:

- **General Risks of Real Estate Investments** - The value and marketability of real estate investments are subject to many factors beyond the control of the fund(s) holding the real estate investments whether holding directly or indirectly, including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing, ownership, operation and disposal of real estate. Historically, real estate has been subject to fluctuations in its value as well as income derived therefrom. The investments targeted by the Property Investment Fund may also be subject to global trends and market conditions affecting corporate businesses at large. Such real estate investments may thus be adversely affected by: national and international economic conditions; local property market conditions; changes in the supply of, or relative popularity for, competing properties in a given area; the financial condition of tenants, buyers and sellers of properties; interest rate fluctuations, real estate tax rates, other operating expenses and the lack of availability of real estate financing; energy prices and other supply shortages; changes in local road or rail networks; changes in neighboring environment; natural disasters and other acts of God; various uninsured or uninsurable risks; government regulation (such as land use and zoning restrictions, environmental protection and occupational safety) and bureaucratic inertia; the quality of management; expiry of government lease for leasehold; and other factors which are beyond the control of the Property Investment Fund. Many of these factors could have a negative impact on the value of real estate and the income derived therefrom. The capital value of the real estate held by the Property Investment Fund may be significantly diminished in the event of a sudden downward turn in the real estate market.
- **Liquidity Risk** - Physical real estate investments held by the Property Investment Fund may be illiquid and there may be no public market for real estate investments of the nature of those contemplated by the Property Investment Fund. The eventual liquidity of all investments made by the Property Investment Fund will depend on the success of the realization strategy proposed for each investment and there is a significant risk that the Property Investment Fund may be unable to realize their stated investment objectives by sale or other disposition at attractive prices or at appropriate times or in response to changing market conditions, or may otherwise be unable to complete a favourable exit strategy. Since the underlying investments of the Property Investment Fund may consist wholly or substantially of direct/indirect investments in real estate, it may also be difficult to realize such investments. The Property Investment Fund may impose limits on the number of redemptions and may provide for deferrals or suspension of dealings. For instance, the Property Investment Fund may not provide daily dealing and the redemption cycle may be longer.
- **Valuation Risk** - The Administrator of the Property Investment Fund values the underlying assets of

fund in accordance with the relevant constitutive documents, policies and/or principles described in the offering documents of the fund. However, where the underlying investments are consisted of indirect investments in real estate, the underlying funds that invest in real estate and other illiquid investment vehicles may not have a readily ascertainable value and, therefore, may be valued at their net asset value, if any, as reported by such underlying funds, at cost or at fair value as determined by the manager, administrator or auditors of the underlying funds or by the Administrator of the Property Investment Fund. In addition, by way of example, any quarterly valuations reported by such underlying funds generally will not be available until the end of the following calendar quarter. In such instances, the net asset value reported by the underlying fund at the end of any quarter would not reflect a change in value of such investments during the prior quarter. The Administrator of the Property Investment Fund may adjust the value of any investments if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as it deems relevant, it considers that such adjustment is required to reflect the fair value thereof. An estimated valuation of an underlying fund may prove materially different from the final reported valuation and there can be no assurance that the underlying funds' valuation will be calculated correctly and on an orderly basis. The Property Investment Fund will rely on its underlying funds in which it invests to provide accounts together with timely, accurate and sufficiently detailed valuation information upon which the Administrator of the Property Investment Fund may base the valuation of the assets and the calculations of the Net Asset Value of the Property Investment Fund. Delays may be experienced in receiving such valuations and the valuations themselves may be subject to margins of error or be incapable of precise calculation. The Property Investment Fund may issue shares after the calculation of its Net Asset Value instead of at subscription dealing days. Investors will be unsecured creditors of the Property Investment Fund and shall not be entitled to normal shareholder rights until such time as the shares have actually been issued.

- **Leverage Risk** - The Property Investment Fund may employ borrowing to achieve their investment objectives. Although the use of third party borrowing may increase the return on invested capital, it also creates greater potential for loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that existing third party borrowing will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing borrowing. Borrowing cost are easily affected by the fluctuation of market interest rate. Generally speaking, if the interest rate rises, the cost of borrowing increases and the interest rate has a larger impact on the borrowing with longer period.
- **Derivative Risk** - The Property Investment Fund may use derivatives for hedging, effective fund management or leverage, which may expose the fund to additional risks such as counterparty risk.
- **Counterparty Risk** - The Property Investment Fund may be exposed to the default risks from failure of the counterparty to fulfill liabilities and may increase the potential for losses by the Property Investment Fund.

1.15 **The special features and risks for investing in fixed term bond funds include, but not limited to, limited subscription risk, re-investment risk, early termination risk, limited duration risk, and risks associated with investments in debt securities.** Fixed Term Bond Funds have a fixed maturity date and subscriptions may not be allowed after the respective initial offer period. Redemptions prior to the maturity date may be subject to a downward price adjustment and investors may be redeeming at a lower redemption price. Switching/redemption of fixed term bond funds before their maturity date may undermine investors' investment returns. The principal repaid before maturities of the underlying investments may be re-invested in shorter-dated debt securities or cash or cash equivalents, which may result in lower interest income and returns, if any, to the fund. Liquidation of the fund's underlying investments prematurely to meet substantial redemptions may adversely affect the value and return, if any, of the fund. Substantial redemptions during the term of the fund may render the size of the fund to shrink significantly and trigger the fund to be terminated earlier. Neither the distributions nor the capital of the fund is guaranteed. Please read the relevant fund's offering documents, including the full text of the risk factors stated therein, in detail before making any investment decision.

1.16 **Specific risks for funds denominated in Renminbi ("RMB"):** Customers should note that funds denominated in RMB involve RMB currency risk. Besides general exchange rate risks, RMB is subject to foreign exchange control by the PRC government. Furthermore, funds with underlying investments which are not denominated in RMB are subject to multiple currency conversion costs involved in making investments and liquidating investments, as well as the



RMB exchange rate fluctuations and bid/offer spreads when assets are sold to meet redemption requests and other capital requirements (e.g. settling operation expenses). Apart from the RMB currency risk, customers should also note the other risk disclosures stated in the offering documents of the relevant funds, including but not limited to limited availability of underlying investments denominated in RMB, credit risk of counterparties, interest rate risk, liquidity risk, possibility of not receiving RMB upon redemption etc (if applicable). If the funds invest in offshore RMB debt securities, customers should note that the quantity of debt securities issued outside Mainland China that are available to the funds is currently limited, which may adversely affect the performance and return of the funds. If customers exchange RMB to subscribe for funds denominated in RMB through the Bank, the Bank will apply the offshore (CNH) rate to conduct the exchange transaction.

- 1.17 For funds with underlying investments denominated in currencies other than the base currencies of such funds, customers should note that such funds are exposed to fluctuations in exchange rates between such currencies and the base currencies of such funds. In general, any depreciation in the rates of exchange of such currencies against the base currencies of such funds could have an adverse impact on the performance of such funds. For customers whose base currencies are different from the base currencies of the funds in which they invest, they are exposed to fluctuations in exchange rates between such currencies and their base currencies. If customers wish or intend to convert the redemption proceeds (in the base currencies of the funds) into different currencies, they are subject to the relevant foreign exchange risk and may incur substantial capital loss from such conversion. Furthermore, the currency of some assets of the relevant funds (e.g. the currency of an emerging market) may not be freely convertible and conversion of such currency may be subject to certain policies or restrictions. If such policies or restrictions change in the future, the position of the relevant fund and/or its investors may be adversely affected.
- 1.18 Customers should note that risks associated with investments in the relevant fund may change over time along with market conditions, and not all the investment risks are predictable. There may exist significant additional risks in extreme market conditions which might not have been foreseen at the time of inception of the relevant fund/at the time customers started to invest in the relevant fund. During a global credit/financial crisis and when the financial soundness of counterparties/issuers are called to question, a higher credit or default risk of a counterparty/an issuer would be involved. Investment fund is not equivalent to bank deposits and therefore is not protected by the Deposit Protection Scheme in Hong Kong. There is no guarantee for payment of principal.

Ways to find out investment objectives, relevant risks and other details of the relevant fund: fund prospectuses (including Product Key Facts Statements), financial reports (if available) and "Frequently Asked Questions" section of fund fact sheets (if available) available at branches of the Bank and the "Hang Seng Fund SuperMart" at www.hangseng.com.

2. For funds which are available to Hang Seng Professional Investor Customers only:

- 2.1 The funds available include investment funds which have not been authorized by the SFC, thus not available to the public in Hong Kong. Investing in unauthorized investment funds involves special risks. Unauthorized investment funds are not subject to the regulation of the SFC, the fund structures and operations may not be governed by any rules or regulations in Hong Kong and the offering documents may not have been vetted by any regulatory authorities in Hong Kong.
- 2.2 The funds documentation (e.g. prospectus and (if available) product key facts statement, financial reports and fund fact sheet) and fund information (e.g. unit price, fund performance information and cut-off time for subscription, switching and redemption applications) is available to Hang Seng Professional Investor Customers via designated channel(s) only, and **not** available on the "Hang Seng



Fund SuperMart” at www.hangseng.com.

- 2.3 Certain type(s) of fund transaction may only be conducted via designated channel(s) (e.g. fund subscription and switching can be conducted via branches only).

3. Fund performance

- 3.1 Make reference to the past performance of the relevant fund, as well as the performances of other similar funds and performance of related indices. **Customers should note that price of fund units may go up as well as down and past performance information presented is not indicative of future performance.**
- 3.2 The latest unit price of the fund will be published on the newspapers designated by the relevant fund. It is also available at the Bank’s website (Go to “Hang Seng Fund SuperMart” at www.hangseng.com). Please note that funds are traded using forward pricing and fund price quotation is for reference only.
- 3.3 Customers can check for the funds they have invested in and their values from the Investment Funds Account* and/or SimplyFund Account# monthly statement issued by the Bank to Customers; customers can also check for the relevant details anytime online at the Bank’s website (Go to www.hangseng.com → Log on “Personal e-Banking”). (*under the suffix of 382 and #under the suffix of 384)

Ways to obtain unit price and fund performance information: “Hang Seng Fund SuperMart” at www.hangseng.com, regularly issued (e.g. monthly or quarterly) fund fact sheets, Investment Funds Account and/or SimplyFund Account monthly statement and fund price listing on newspapers.

4. Fund trading

- 4.1 When considering investing in a fund, customers should take into account their personal risk tolerance level as well as features of the fund, including but not limited to, the fund’s investment objective, investment tenor, market and asset type of the fund’s underlying investment, the fund’s relevant fees and charges and/or past performance and volatility etc.
- 4.2 The actual subscription price or redemption price may be significantly different from the reference prices quoted at the time Customers submit applications for subscription, switching or redemption.
- 4.3 There are charges and fees associated with fund trading, such as subscription fee, switching fee, redemption fee, monthly account fee, management fee, trustee fee, administrative fee and performance fee (if applicable), etc. Customers should take into account the charges and fees involved in relation to their fund trading.
- 4.4 The dealing frequency of different funds may vary, e.g. each day is a dealing day, only one dealing day each week or only one dealing day each month. The dealing day and the dealing session of different funds may also vary. Customers should be aware that dealing orders placed after the cut-off time on a dealing day/for a dealing session for the relevant fund or placed on a day/at a time which is not a dealing day/dealing session for the relevant fund will be processed in the next dealing day/dealing session for that fund. For details of the dealing day/dealing session of an individual fund, please refer to the relevant fund’s offering documents or contact the Bank’s staff.
- 4.5 Concerning applications for switching between funds provided by the same fund house (which is effected by redeeming units of the existing fund and subscribing for units of a new fund), customers should be aware that the dealing days of different funds may vary. As such, even though switching applications are received by the Bank before the relevant cut-off time, the relevant subscription order and redemption order may not be executed by the relevant fund house on the same day. Customers are therefore exposed to market fluctuations during the relevant period.
- 4.6 **The Bank’s cut-off time for subscription, switching and redemption applications for the relevant**



fund may be earlier than that stated in the relevant fund's offering document and is subject to changes. To check the Bank's cut-off time for individual fund, please visit "Hang Seng Fund SuperMart" at the Bank's website www.hangseng.com, or contact the Bank's staff.

- 4.7 Fund trading channel, **minimum amount of each subscription / redemption / switching transaction** for the relevant fund and **minimum unitholding requirements of the Bank** (currently, an amount equivalent to HKD 20,000 for Investment Fund Account (whilst for subscription through online platforms, an amount equivalent to HKD 5,000 except for certain funds from certain fund houses) and HKD 1 for SimplyFund Account and subject to change by the Bank at any time without any notice), and **other fees and charges of the Bank** (if any) are detailed in below tables for reference:

Schedule of relevant fees charged by the Bank¹:

I) Fees (Applicable to Investment Fund Account)

Charge Item	Charge
Switching handling fee ²	1%

II) Fees (Applicable to SimplyFund Account)

Charge Item	Charge	
Monthly Account Fee ³	Monthly Average Portfolio Value⁴	Monthly Account Fee
	Below HK\$5,000	HK\$0
	\$5,000 to less than HK\$100,000	HK\$20 ⁵
	HK\$100,000 or above	0.05% ^{6, 7}
Account Administration Fee at transfer-out	1.5% of the prevailing market value (as at the date of the Bank's receipt of the transfer-out instruction) of the fund holdings being transferred out	
Account Administration Fee at account closure	HK\$0	

III) Miscellaneous Administration Fees (Applicable to both Investment Fund Account and SimplyFund Account)

Charge Item	Charge
Issue Certificate of Investment Funds Account Balance/ SimplyFund Account Balance	HK\$100 per certificate
Re-print Investment Funds Account Contract Note / Confirmation for transaction(s)	HK\$100 per copy
Re-print Investment Funds Account monthly statement	HK\$50 per copy

¹ For the fund specific fees and details, please refer to its offering documents. For SimplyFund specific fees and details, please refer to www.hangseng.com for details.

² The switching handling fee is charged by the Bank on behalf of the fund manager or for itself (as the case may be for each individual fund) in respect of switching of units of the relevant funds. Customers are not required to separately pay the switching fee (if any) charged by such fund.

³ The monthly account fee is charged with reference to the monthly average portfolio value

⁴ The monthly average portfolio value is the total sum of the daily portfolio value divided by the number of calendar days of the month (number of calendar days is counted from the settlement date of first order to the end of the month if you newly buy fund via the account) whilst the daily portfolio value is the total sum of the market value of all current fund holdings under the customer's SimplyFund Account in a calendar day. For fund(s) denominated in non-HKD, the HKD equivalent of the market value is calculated based on the exchange rate as determined by the Bank.

5 The monthly account fee is HK\$20 if the monthly average portfolio value is between HK\$5,000 and less than HK\$100,000.

6 The monthly account fee is calculated based on this formula if the monthly average portfolio value is HK\$100,000 or above:
Monthly Average Portfolio Value x 0.05%.

For example, if your average portfolio value is HK\$100,000 in a particular month, the monthly account fee is HK\$100,000 x 0.05% = HK\$50, which is the minimum charge for this tier. If your average portfolio value is HK\$200,000 in a particular month, the monthly account fee is HK\$200,000 x 0.05% = HK\$100.

7 0.05% per month = 0.6% p.a.

4.8 Applications for partial redemption should fulfill the minimum amount and minimum unitholding requirements of the Bank (currently, an amount equivalent to HKD 20,000 for Investment Fund Account and HKD1 for SimplyFund Account and subject to change by the Bank at any time without any notice), or full redemption will be required. Please contact the Bank's staff for details.

4.9 Customers should note that fund units will need to be held in the name of a nominee appointed by the Bank on their behalf. As such, even though customers hold the beneficial interest in the fund units, they are not in law regarded as the “holders” of the fund units. The fund manager has no direct legal responsibilities towards them. Retail banking customers should also note that the Bank will not accept any investment fund transfer application(s) with other fund company(ies) and/or financial institution(s) which involve(s) a change of beneficial ownership.

4.10 Cancel or change dealing order within the same day that a dealing order is given: customers may make changes to the dealing order already given prior to the cut-off time set by the Bank in respect of the relevant fund, including changing the fund to be invested and the subscription amount, or may even cancel the order for subscription, switching or redemption and such changes or cancellation can be made through branches or Phone Banking. The Bank will not charge any handling fee for such changes or cancellation. However, customers cannot cancel or make any changes to the dealing orders after the relevant cut-off time.

4.11 Redemption proceeds will be credited to customer's account within around 10 working days after the relevant dealing day. The actual processing time will depend on individual fund's operation situation, generally it will not exceed one calendar month. If customer has specified a settlement account for crediting the redemption proceeds when the redemption application is made, it will be credited to that designated account. Otherwise, the redemption proceeds will be credited to: (1) (for Integrated Account customer) the sub-account under the Integrated Account with the Bank which is of a currency same as the base currency of the fund or (2) (for non-Integrated Account customer) any Hong Kong Dollar Account the customer maintains with the Bank after the Bank has converted the redemption proceeds into Hong Kong dollars at the prevailing exchange rate(s) quoted by the Bank.

4.12 If there is cash dividend, it will be credited to customer's account within around 7 working days after receiving the payment is received from the relevant fund house. The actual processing time will depend on individual fund's operation situation.

If customer has specified a settlement account for crediting the cash dividend, it will be credited to that designated account. Otherwise, the cash dividend will be credited to: (1) (for Integrated Account customer) the sub-account under the Integrated Account with the Bank which is of a currency same as the base currency of the fund or (2) (for non-Integrated Account customer) any Hong Kong Dollar Account the customer maintains with the Bank after the Bank has converted the cash dividend into Hong Kong dollars at the prevailing exchange rate(s) quoted by the Bank.

4.13 The fund manager and/or the Bank have an absolute discretion to reject, in whole or in part, any application for subscription and/or switching of units in a fund which the fund manager and/or the Bank reasonably suspect to be associated with market timing and/or active trading practices, money laundering activities or which will breach any dealing restriction of the fund, without disclosing the reason for the relevant suspicion.

4.14 The funds which are distributed by the Bank may change at any time without notice. The Bank may suspend its intermediary service regarding a fund/certain fund units at any time without giving any notice and reason in certain circumstances (including where the Bank has reasonable grounds for doing so). In that case, no applications for subscription and/or switching-in of the relevant fund/fund



units will be accepted by the Bank. For the latest “List of Funds not available for Subscription”, please visit hangseng.com/fundsupermart. In general, the funds/fund units included in the “List of Funds not available for Subscription” would still be available for redemption and/or switching-out.

- 4.15 Under normal circumstances, the Bank will update customer’s account record immediately upon receipt of the notification of confirmation of the customer’s subscription / switching application from the fund manager. However, it is only after the clearing and settlement of such subscription / switching application has been completed can a customer redeem the relevant fund units. Otherwise, the customer’s redemption application may, at the fund manager’s discretion, be considered void and cancelled.

Ways to obtain trading information of the relevant fund: fund prospectuses, regularly issued (e.g. monthly or quarterly) fund fact sheets, the “Hang Seng Fund SuperMart” at www.hangseng.com and Investment Fund Services leaflet

5. Others

- 5.1 The Bank is NOT an independent intermediary because:
- I) the Bank receives fees, commissions, or other monetary benefits from other parties (which may include product issuers) in relation to the Bank’s distribution of investment funds to you. For details, you should refer to the Bank’s disclosure on monetary benefits which the Bank is required to deliver to you prior to or at the point of entering into any transaction in investment funds; and/or
 - II) the Bank receives non-monetary benefits from other parties, or have close links or other legal or economic relationships with issuers of products that the Bank may distribute to you.
- 5.2 The Bank receives non-monetary benefits from other parties including but not limited to providing market seminar, data or analysis services related to relevant products, customers’ sales support and staff’s sales support.
- 5.3 The Bank will not make any express or implied guarantee or promise for the return individual customers may get from their investment.
- 5.4 The Bank, its employees and/or its agents may receive or enjoy rebates, discounts, commissions, sales incentives, fees, benefits and/or other advantages in different forms and at varying rates arising out of or in connection with customers’ investment in any fund made through the Bank. The current remuneration system that the Bank adopts for sales staff is a measurement of the staff’s overall performance and not just based on sales amount.
- 5.5 The Bank encourages customers to read the investor publications published by the Investor Education Centre (the “IEC”). Copies of “How to Read Product Key Facts Statements” are available at branches of the Bank while stocks last. Customers may also download the relevant booklets from the IEC website (www.hkiec.hk).
- 5.6 In respect of an eligible dispute (as defined in the Terms of Reference for the Financial Dispute Resolution Centre in relation to the Financial Dispute Resolution Scheme) arising between the Bank and you out of the selling process or processing of a fund transaction, the Bank will enter into a Financial Dispute Resolution Scheme process with you; however any dispute over the contractual terms of the fund should ultimately be resolved between the relevant fund house and you.
- 5.7 No person other than you and the Bank will have any right under the Contracts (Rights of Third Parties) Ordinance to enforce or enjoy the benefit of any of the provisions of your investment funds subscription, switching / redemption applications.
- 5.8 You may contact us through any of the following ways if you have any feedback or complaint in relation to fund trading and/or fund investment services:



- branches of the Bank
- Customer Suggestions Hotline: 2997 3363
- mail: Quality Assurance Department,
16/F, Hang Seng Tower, 33 Wai Yip Street,
Kowloon Bay, Kowloon
- fax: Fax No. 2997 2313
- online (go to the Bank's website: www.hangseng.com, select "Contact Us" and click "Email-Us" to complete the online form)
- complete the Customer Suggestions Leaflet (available at branches of the Bank) and return it to a branch of the Bank in person, by mail or fax

We will respond to you within a reasonable period of time normally not exceeding 30 days in general circumstances. You may contact the Hong Kong Monetary Authority at 55th Floor Two International Finance Centre, 8 Finance Street, Central, Hong Kong if you are not satisfied with our handling of your complaint.

5.9 The registered address of the Bank is 83 Des Voeux Road Central, Hong Kong.

5.10 In connection with the securities proposed to be acquired and which are not listed or quoted on any stock market (whether a recognized stock market or any other stock market outside of Hong Kong), certain information in relation to the number and nominal value (if any) of those securities that have been sold in Hong Kong during the period of 6 months immediately preceding the date of the offer and the prices yielded by those sales, is required to be provided under the Securities and Futures Ordinance (Cap. 571) ("SFO") Schedule 7, Part 1, Section 2(a), and set out in the offer.

The information in the above paragraph has not been included in the offer because such information in relation to the SFC authorized fund is not available to us.

5.11 This document is issued by the Bank for information and reference only. Customers should consider whether the relevant fund is suitable for them and, depending on their own investment objectives, risk tolerance level, investment experience, preferred investment tenor, financial condition and specific needs etc., consider whether they should seek independent and professional financial advices before making any investment decision.

5.12 The fund factsheet of some investment funds contains QR code(s) which allow(s) Customers access to the electronic version of the fund's offering documents (namely, the prospectus, product key facts statement and financial reports (if applicable)) while the QR code(s) is/are provided by fund house(s). In terms of the use of the QR codes, the Bank cannot guarantee that no viruses or other contaminating or destructive properties will be transmitted or that no damage will occur to the customer's mobile device. The Bank is not responsible for any loss the customer may incur as a result of the customer's use of the QR code(s). The customer understands and agrees that:

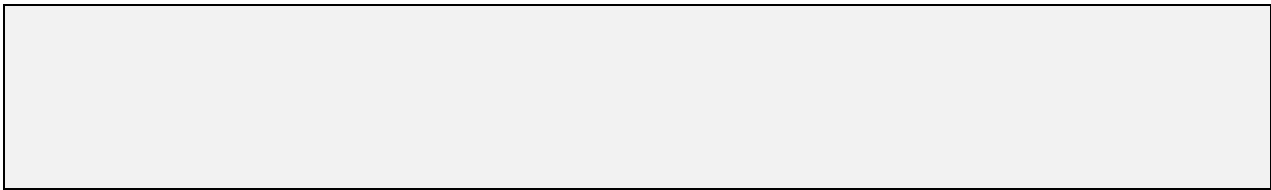
(I) The customer uses the QR code(s) at the customer's sole risk. To the maximum extent permitted by law, the Bank expressly disclaims all warranties and conditions of any kind, whether express or implied, in terms of the customer's use of the QR code(s).

(II) The customer downloads or obtains any material or information through the use of the QR code(s) at the customer's sole risk and discretion. The customer is solely responsible for any damage to the customer's mobile or other device or loss of data resulting from downloading, obtaining or using such material or information.

Know your investment?

Do you understand the investment you have made? We have prepared a leaflet listing out some key points to note about the product features and selling process of an investment. For more information, please visit hangseng.com/wiseinvest. Investment involves risks.





Hang Seng Bank Limited

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