PRODUCT KEY FACTS

BOC Income Mixed Securities Investment Fund

March 2019

Issuer: Bank of China Investment Management Co., Ltd.

This is a Mainland fund authorized for public offering in Hong Kong pursuant to Mainland-Hong Kong Mutual Recognition of Funds arrangement.

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

Quick facts

Fund Manager:	Bank of China Investment Management Co., Ltd. (the "Manager")
Custodian:	Industrial and Commercial Bank of China Limited
Ongoing charges over a year[#]	Class H: 2.44%
Dividend policy:	Class H: Dividends (if any) will be declared and paid at such time at the discretion of the Manager for no more than 6 times in each financial year. Dividends may be paid out of capital or effectively out of capital.
Financial year end of this fund:	31 December
Minimum investment:	Class H: RMB 1,000 minimum initial investment, RMB 1,000 minimum subsequent investment
Dealing frequency:	Daily (each day being business day in both Hong Kong and Mainland)
Base currency:	RMB

[#] The ongoing charge figure is based on the actual expenses in the financial statement for the year ended 31 December 2018. This figure may vary from year to year.

What is this product?

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

Objectives and Investment Strategy

Objective

The investment objective of the Fund is to achieve stable current income and long-term capital appreciation for investors, through investing in Mainland listed companies of stable dividends and high rates of cash dividend, and in different types of bonds publicly offered and listed in the Mainland in accordance with law, combining strategic asset allocation and timing, on the basis of long-term investment.

Strategy

The Fund's investments in equities, fixed income products and other investments will be limited to those securities in the Mainland market only.

The Fund primarily invests in stocks of quality Mainland companies with stable and good ability for dividend payout traded on the Shanghai and Shenzhen Stock Exchanges, in government bonds, corporate bonds and convertible bonds of good liquidity and fixed income issued within the Mainland according to relevant laws, and other Mainland fixed income products. Investment in such stocks and fixed income products shall not be less than 80% of the Fund's non-cash assets. The investment portfolio has the following allocation:

- Equity securities: 30-90% of the Fund's net assets
- Debt securities: 0-65% of the Fund's net assets

- Not less than 5% of the Fund's net assets in cash or government bonds of less than 1-year maturity.

The Fund adopts a top-down approach in asset-allocation, combined with a bottom-up active investment management strategy. Equity investments shall utilize quantitative models, stringent analysis and value assessment on financials, corporate competitiveness and governance abilities, alongside a deep continuing tracking and research, to select stocks of listed companies with strong financials, stable dividend pay-out, high dividend rate and ongoing profit growth; bond investments shall be based on analysis of the bond market trend, adopting different yield curve strategy, and investment strategies such as active long-duration management, credit risk assessment, yield spread configuration policy, in order to obtain investment returns higher than performance benchmark.

Debt securities may include urban investment bonds, debt securities rated BB+ or below by a Mainland credit rating agency or unrated. The Fund may invest in asset-backed securities for up to 20% of the Fund's net asset value.

The Fund does not use financial derivative instruments and if the Fund intends to engage in such transactions in the future, applicable regulatory approval from relevant regulatory authorities will be sought and prior notice to investors will be given before the Fund engages in such transactions.

The Fund does not engage in stock lending transactions and if the Fund intends to engage in such transactions in the future, applicable regulatory approval from relevant regulatory authorities will be sought and prior notice to investors will be given before the Fund engages in such transactions.

The Fund may however engage in repurchase or reverse repurchase transactions which may be exchanged-traded or may be entered into on the Mainland interbank market. Subject to complying with the minimum investment requirements to meet the Fund's investment objective and strategy and the other applicable regulatory requirements, the Fund (i) is not subject to any limit when entering into reverse repurchase transactions on the exchange market and interbank market, and (ii) will enter into repurchase transaction on the exchange market and interbank market up to an aggregate total limit of 40% of the Fund's Net Asset Value.

The Fund's maximum level of leverage shall not exceed 40% of the Fund's Net Asset Value.

Use of derivatives/ investment in derivatives

The fund will not use financial derivative instruments for any purposes.

What are the key risks?

Investment involves risks and there is no guarantee of the repayment of principal. Please refer to the offering document for details including the risk factors.

1. ***Investment risk***
   - The Fund is an investment fund. The Fund may lose value and there is no guarantee of the repayment of principal. There is also no guarantee of dividend payments during the period investors hold the Units of the Fund. Therefore an investment in the Fund may suffer losses. Under extreme circumstances, investors may lose entire amount originally invested.
2. ***Risks associated with the MRF arrangement***
   - *Quota restrictions*: The Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme pursuant to which this Fund is authorized is subject to an overall quota restriction. Subscription of Class H units in the Fund may be suspended at any time if such quota is used up.
   - *Failure to meet eligibility requirements*: If the Fund ceases to meet any of the eligibility requirements under

the MRF, it may not be allowed to accept new subscriptions. In the worst scenario, the SFC may even withdraw its authorization for the Fund to be publicly offered in Hong Kong for breach of eligibility requirements. There is no assurance that the Fund can satisfy these requirements on a continuous basis.

- *Mainland tax risk*: The tax arrangement on Mainland tax relating to overseas investors' investment in a Recognised Mainland Fund is currently unclear and may have a material adverse impact on their investment returns. Any change in the Mainland tax laws and regulations may have impact on the tax provisioning policy and position of the Fund and could have a material adverse impact on the Fund's NAV. Investors may be advantaged or disadvantaged depending upon whether and how their investment in a Recognised Mainland Fund will ultimately be taxed and the timing of their investment.
- *Different market practices*: Market practices in the Mainland and Hong Kong may be different. In addition, operational arrangements of the Fund and other public funds offered in Hong Kong may be different in certain ways. For example, subscriptions or redemptions of Class H units offered in Hong Kong may only be processed on a day when both Mainland and Hong Kong markets are open. Besides this dealing day arrangement, the Fund may also have different cut-off times from other SFC-authorized funds. Investors should ensure that they understand these differences and their implications.

3. Concentration risk / Mainland market risk

- The Fund invests primarily in securities related to the Mainland market and may be subject to additional concentration risk. Investing in the Mainland market may give rise to different risks including political, policy, tax, economic, foreign exchange, legal, regulatory and liquidity risks.

4. RMB currency and conversion risks

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
- Investors may not receive RMB upon redemption of investments and/or dividend payment or such payment may be delayed due to the exchange controls and restrictions applicable to RMB.

5. Mainland equity risks

- *Market risk:* The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- *Volatility risk:* High market volatility and potential settlement difficulties in the Mainland equity market may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.
- *Liquidity risk*: Securities markets in Mainland China may be less liquid than other developed markets. The Fund may suffer substantial losses if it is not able to dispose of investments at a time it desires.
- *High valuation risk*: Stocks listed on the Mainland stock exchanges may have a higher price-earnings ratio. Such high valuation may not be sustainable.
- *Risk associated with small-capitalisation / mid-capitalisation companies:* The Fund may invest in companies of smaller or mid-captialisation. The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- *Policy risk:* Securities exchanges in Mainland typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

6. Risks associated with the Small and Medium (SME) board and/or ChiNext Market:

- *Risk associated with fluctuation on stock prices:* Listed companies on the SME board and/or ChiNext market are usually of emerging nature with a smaller scale and shorter operating history, their stock prices may experience a higher fluctuation. Hence, they are subject to higher market volatility and risks and higher turnover ratios than companies listed on the main board. In extreme circumstances where the trading price of the stock has hit the trading band limit, trading of the stock will be suspended. This would render it impossible for the Fund to liquidate positions and subject the Fund to significant losses.
- *Risk relating to overvaluation of stocks:* Currently, stocks listed on the SME board and/or ChiNext are generally considered overvalued. Such exceptionally high valuation may not be sustainable. Stock price may be more susceptible due to fewer circulating shares.
- *Delisting risk:* Because of a relatively shorter operating history, companies listed on the SME board and/or ChiNext market have a shorter track record of profitability. Compared to companies listed on the main board, it may be more common for companies listed on the SME board and/or ChiNext market to delist within a short period after listing. The Fund may be adversely impacted if companies it invests in are delisted.
- *Risk relating to the differences in regulations:* The rules and regulations regarding companies listed on the ChiNext market are less stringent in terms of profitability and share capital than those in the main board market and the SME board.
- *Emerging nature and technical failures of ChiNext companies:* Given the emerging nature of companies listed on the ChiNext market and they generally focus on scientific development and innovation, any failures in the process of the scientific development which such companies are involved in and/or any major adverse events happening in the industries or their development may result in losses in such companies and hence may have an adverse impact on the Fund.
- *Valuation method risks:* Conventional valuation methods may not be entirely applicable to companies listed on the ChiNext market due to the risky nature of the industries that these companies operate in. There are fewer circulating shares on the ChiNext market, hence stock prices may be relatively more easily manipulated and may experience higher fluctuation upon market speculation.

Investment in the SME board and/or ChiNext market may result in substantial losses for the Fund and its investors.

7. Mainland debt securities risks

- *Volatility and liquidity risks:* The Mainland debt securities markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations.
- *Counterparty risk:* The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.
- *Interest rate risk:* Investment in the Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Downgrading risk:* The credit rating of a debt instrument or its issuer may be downgraded subsequent to investment by the Fund. In the event of such downgrading, the value of the Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Credit rating agency risk:* The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.
- *Risk associated with urban investment bonds:* The Fund may invest in urban investment bonds. Urban

investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the Mainland. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Fund could suffer substantial loss and the net asset value of the Fund could be adversely affected.

- *Risk associated with asset-backed securities:* The Fund may invest in asset-backed securities (including asset-backed commercial papers). Asset-backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- *Risk associated with debt securities which are rated BB+ or below by a Mainland credit rating agency or unrated:* The Fund may invest in debt securities rated BB+ or below by a Mainland credit rating agency or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

8. Risks associated with repurchase and reverse repurchase

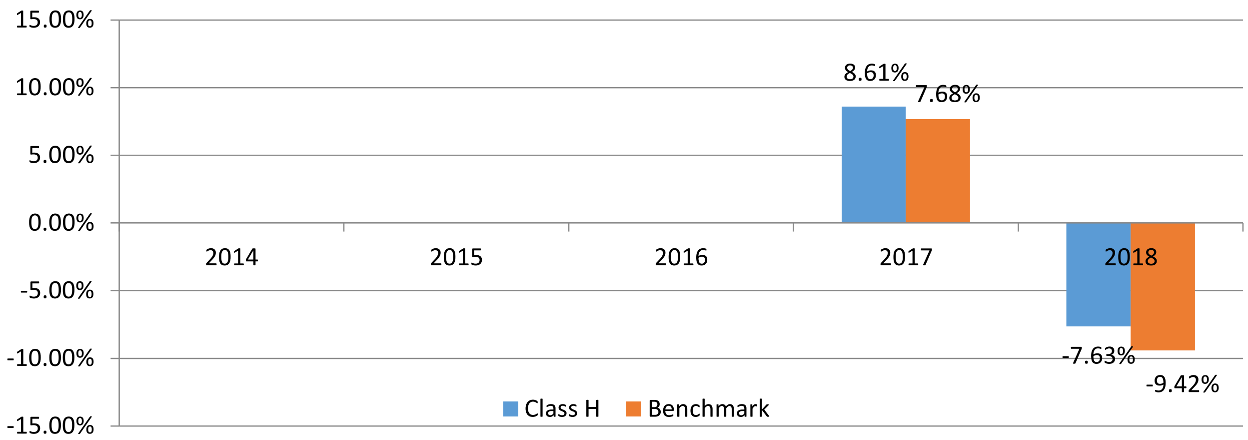
The Manager may enter into repurchase and reverse repurchase transactions for the account of the Fund on the Mainland stock exchanges or in the interbank market.

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

9. Risks relating to payment to dividends out of capital

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

How has the Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much Class H increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB taking in account ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The benchmark of the Fund is 60% FTSE China A High Yield 150 Index + 30% CSI Treasury Bond Index + 10% Interbank Deposit Rate. The FTSE China A High Yield 150 Index is a price return index that does not include reinvestment of dividends. The Interbank Deposit Rate shows interest rate trends which do not take into account reinvestment of income.
- Fund launch date: 2006
- Class H launch date: 2016

Is there any guarantee?

This Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

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

Fee	What you pay
Subscription fee	**Class H - Up to 5%** of the subscription amount
Switching fee*	**Class H -** Not applicable
Redemption fee	**Class H - 0.125%** of redemption amount for the account of Class H fund assets

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

Ongoing fees payable by the Fund

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

	Annual rate (as % of the Fund's Net Asset Value)
Management fee	1.5%

The Fund pays a management fee to the Manager	
Custodian fee The Fund pays a custodian fee to the Custodian	0.25%
Performance fee	Nil
Administration fee	Nil

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

Other fees

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

Additional Information

- You generally buy and redeem units at the Fund's next-determined net asset value (NAV) after your request is received by an authorized distributor in good order on or before the dealing cut-off time, which is 3:00 p.m. (Hong Kong time) on a Joint Business Day. Certain authorized distributor may impose different earlier dealing deadlines for receiving requests from investors.
- The net asset value of Class H units of the Fund is calculated on each Mainland Working Day and such other days as required by Mainland laws and regulations (including 30 June and 31 December even if these dates are not Mainland Working Days), and the price of Class H units is published on a daily basis on the website for Hong Kong investors (www.bocim.com/hkmrf) which is issued by the Hong Kong Representative. The website has not been reviewed by the SFC.
- You should visit the website (www.bocim.com/hkmrf) which is issued by the Hong Kong Representative for the latest notices relating to the Fund. The website has not been reviewed by the SFC.
- The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months are available from the Manager or the Hong Kong Representative upon request and also on the website (www.bocim.com/hkmrf) which is issued by the Hong Kong Representative. The website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.