

Important Notes

- You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objective), you should seek financial and / or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- Your investment decision should not be based on this document alone. Please read the principal brochures of the BCT (MPF) Pro Choice and the BCT (MPF) Industry Choice for further details, including the risk factors.
- Investment involves risks. Past performance is not indicative of future performance.
- BCT (Pro) RMB Bond Fund and BCT (Industry) RMB Bond Fund are denominated in HKD and not in RMB.

BCT now offers the opportunity to gain exposure in the RMB bond market for your MPF contributions

Grasp • Renminbi (“RMB”) Appreciation Potential

As the People’s Republic of China (“PRC”) has experienced continuous growth in the past three decades, it has now become the world’s second strongest economic entity. RMB is also gaining wider use overseas as a result of the roll-out of various policies favouring the circulation of RMB. This has led to greater demand for the offshore RMB denominated investments.

Opportunity • Dim Sum Bonds

RMB bonds issued outside of the PRC (including Hong Kong) are commonly known as “Dim Sum Bonds”. Pursuant to MPF legislation, bond investments in MPF products must meet the minimum credit rating or listing requirements prescribed by the MPFA. Investments of MPF products in investment grade Dim Sum Bonds would provide investors with not only exposure to investment grade debt instruments but also the potential of RMB appreciation.

BCT (MPF) Pro Choice and BCT (MPF) Industry Choice now offer members choices of RMB bond funds with the introduction of the following constituent funds:

- BCT (Pro) RMB Bond Fund** under the BCT (MPF) Pro Choice
- BCT (Industry) RMB Bond Fund** under the BCT (MPF) Industry Choice

Enjoy • RMB Bond Funds for MPF

- RMB appreciation potential
- Exposure to offshore RMB denominated debt instruments (e.g. investment grade Dim Sum Bonds)
- Return of investment grade bonds

Information Overview • Constituent Funds

Investment Objectives and Strategy

- Provide members with steady growth in the long term by investing solely in an Approved Pooled Investment Fund (“APIF”), which is denominated in HKD and not in RMB

The APIF:

- Invest primarily in RMB denominated debt instruments and money market instruments (including but not limited to commercial papers, certificates of deposit and bank deposits) issued or distributed outside mainland China (with a primary focus on RMB denominated bonds issued in Hong Kong)
- Will not invest in any securities issued within mainland China through any Qualified Foreign Institutional Investors (QFII) quota



- Target ranges of asset allocation[▲] in terms of asset class: a minimum of 70% to 100% of the fund’s net assets invest in debt instruments, and up to a maximum of 30% invests in cash and money market instruments
- Target ranges of asset allocation[▲] in terms of currency: a minimum of 70% to 100% of the fund’s net assets invest in RMB denominated instruments, and up to a maximum of 30% invests in non-RMB denominated instruments[▲]

Launch Date

4 March 2013

Risk & Return Level[#]

Low to Medium

Management Fees^{*}

1.195 % p.a. of net asset value

Investment Manager

Invesco Hong Kong Limited

[▲] For indication only and the long term allocations may vary with changing market conditions.

[▲] Primarily denominated in HK dollar or US dollar but may be denominated in other currencies in the Asia Pacific region.

[●] The RMB Bond Funds will maintain an effective currency exposure to Hong Kong dollars of not less than 30% of its net assets.

[#] The Risk & Return Level for each constituent fund is assigned by BCT according to the corresponding constituent fund’s volatility and expected return and is provided for reference only. Should there be any change to the Risk and Return Level of any constituent fund(s), BCT will update the associated information accordingly.

^{*} “Management fees” include trustee, administration and sponsor fee and investment management fee paid to the trustee, administrator, sponsor and investment manager of a scheme for providing their services to the relevant funds. They are usually charged as a percentage of the net asset value of a fund.

Specific Risk Factors

- RMB currency risk: RMB is currently not a freely convertible currency and is subject to foreign exchange controls and repatriations restrictions imposed by the Chinese government. There is no assurance that RMB will not be subject to devaluation.
- Liquidity risk: The trading volume of offshore RMB debt instruments may be less than that of a more developed market and there is no guarantee that there will be an active secondary market for all offshore RMB debt instruments. Accordingly, such instruments may only be disposed of at a substantial discount. Moreover, even though the underlying APIF may, besides unlisted RMB debt instruments, invest in listed RMB debt instruments, there may not be a liquid or active market for such instruments and the bid and offer spreads of prices may be substantial. The above-mentioned situations could result in significant losses by the relevant said underlying APIF and hence adversely affect the net asset value of the constituent fund.
- Limited supply of RMB denominated debt instruments: Although the issuance of offshore RMB debt instruments has increased substantially in recent years, supply may lag the demand for offshore RMB debt instruments under certain circumstances. Further, the choice of offshore RMB debt instruments available for MPF investments may not be as diverse as other types of funds.

Selected • MPF Bond Funds

With the introduction of the said RMB bond funds as constituent funds under its MPF schemes, BCT now offers a selection of bond funds for members to gain exposure to different debt markets, including:

Under BCT (MPF) Pro Choice

- BCT (Pro) RMB Bond Fund
- BCT (Pro) Global Bond Fund
- BCT (Pro) Hong Kong Dollar Bond Fund

Under BCT (MPF) Industry Choice

- BCT (Industry) RMB Bond Fund
- BCT (Industry) Global Bond Fund

Contact us for enquiries or further information

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