

Latest Risk Level Assessments of the Investment Funds

IMPORTANT NOTES:

- Investment involves risk and the Sub-Funds of the BOCHK Investment Funds, NCB Investment Funds, BOCIP Asset Management Investment Funds and BOC-Prudential Index Fund Series (the "Sub-Funds") mentioned in this web page may not be suitable for everyone.
- Past performance is not indicative of future performance. The Sub-Funds are subject to market fluctuations and exchange rate fluctuations and to the risks inherent in all investments. Price of Units and the income generated from them (if any) may go down as well as up. Therefore, investors could face no returns and/ or suffer significant loss related to the investments. There is no guarantee in respect of repayment of principal.
- Investing in emerging markets may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks / control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- For those Sub-Funds that invest in single country / region, they are subject to concentration or single country / region risk.
- For those Sub-Funds with investments relating to Mainland market, they are subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular. They may also subject to PRC tax risk.
- For those Sub-Funds invest in equities, the relevant Sub-Funds' 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.
- For those Sub-Funds that may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the Shenzhen Stock Exchange, they are subject to risks associated with the SME board and/or ChiNext market, such as higher fluctuation on stock prices, over-valuation risk, delisting risk and differences in regulations.
- For those Sub-Funds invest in small-capitalisation / mid-capitalisation companies, they are subject to risk associated with small-capitalisation / mid-capitalisation companies. 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.
- For those Sub-Funds invest in the equity market in Mainland China, they are subject to risk associated with high volatility of the equity market in Mainland China, and risk associated with regulatory/ exchanges requirements/ policies of the equity market in Mainland China.
- For those Sub-Funds which have direct access to certain eligible A shares via Shanghai-Hong Kong Stock Connect and / or Shenzhen-Hong Kong Stock Connect, they are subject to risks associated with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, including: quota limitations, suspension risk, differences in trading day, operation risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risk, counterparty risk relating to brokers, participation in corporate actions and shareholders' meetings, no protection by Investor Compensation Fund, regulatory risk and foreign exchange/ currency conversion risk.
- For those Sub-Funds that may invest in A shares indirectly through investment in equity linked instruments ("ELIs") issued by institutions or their affiliates with qualified foreign institutional investors ("OFII") status in the PRC, they are subject to risk relating to investment in ELIs, including: illiquidity risk, potential lack of economic benefits of underlying A shares, repatriation risk, valuation risk, credit risk and OFII risk.
- For those Sub-Funds that may invest in debt securities, they are subject to credit / counterparty risk, credit rating risk, interest rate risk, downgrading risk, valuation risk, sovereign debt risk, and liquidity and volatility risks (if applicable).
- For those Sub-Funds that may invest in Mainland China onshore debt securities/ fixed income instruments, they are subject to credit rating agency risk associated with investments in Mainland China onshore debt securities/ fixed income instruments.
- For those Sub-Funds that may invest in debt securities/ fixed income instruments in Mainland market, they are subject to liquidity and volatility risks associated with investments in debt securities/ fixed income instruments in Mainland market.
- For those Sub-Funds that may invest in debt securities rated below investment grade or unrated debt securities, investors should be aware such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- For those Sub-Funds that may invest in debt instruments with loss-absorption features, investors should be aware such debt instruments are subject to greater risks when compared to traditional debt instruments.
- For those Sub-Funds that may invest in debt securities through Bond Connect, they may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity.
- For those Sub-Funds that may invest in "Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in RMB), they are subject to risks associated with "Dim Sum" bond markets.
- For those Sub-Funds that may invest in urban investment bonds, they are subject to risks associated with urban investment bonds.
- For those Sub-Funds that are index funds, investors should note the passive investment risk, portfolio management risk and tracking error risk.
- For those Sub-Funds that are money market funds, investor should note that the purchase of a Unit in those Sub-Funds is not the same as placing funds on deposit with a bank or deposit-taking company, that the Manager has no obligation to redeem Units at the issue price and those Sub-Funds are not subject to the supervision of the Hong Kong Monetary Authority. They are also subject to volatility and liquidity risk, interest rate risk, market risk and credit/ counterparty risk.
- For those Sub-Funds that may use derivatives, they are subject to derivative instruments risk.
- For those Sub-Funds invest primarily in or their investments are concentrated in single, limited or specialist sector(s) or particular industry sector(s), they are subject to sector concentration risk and risk of investing in specific sector(s).
- For those Sub-Funds invest in property-related investment instruments, they are subject to real estate/real estate securities risk and real estate investment trusts ("REITs") risks.
- For those Sub-Funds applying active asset allocation strategy, they are subject to risk of specific investment strategy and risk relating to active asset allocation strategy.
- For those Sub-Funds which may invest in underlying funds, they are subject to the risk relating to underlying funds, specific nature of fund of funds and fee structure of fund of funds.
- For those Sub-Funds which may invest in other collective investment schemes ("CISs")/funds, they are subject to the risks of investing in other CISs/funds.
- For those Sub-Funds with investments in ETFs, they are subject to the risks relating to investment in ETFs.
- In relation to those Sub-Funds with underlying investments denominated in currencies other than the base currency of the Sub-Fund, investors should note the currency risk.
- In relation to a Sub-Fund which has Currency Hedged Class(es) of Units or class(es) of Units denominated in a currency other than the base currency of the Sub-Fund, investors should note the risk relating to those class(es) of Units denominated in a currency other than the base currency and cross-class liability risk.
- In relation to those Sub-Funds which have Units denominated in RMB or have investments denominated in RMB or exposure to RMB currency, investors should note the RMB currency and conversion risks, and risk relating to redemption and/or distribution payments (if any).
- In relation to the distribution policy of those Sub-Funds for which the Manager will declare an indicative per annum distribution rate at the beginning of the calendar year, Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.
- In relation to those Sub-Funds that may pay distributions out of capital or effectively out of capital:
- the Manager will normally make distributions out of net income received or receivable by the relevant Sub-Fund / class of Units. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the relevant Sub-Fund / class of Units, or the Manager may, in its discretion, pay distributions out of gross income while charging/ paying all or part of the relevant Sub-Fund's / class of Units' fees and expenses to/ out of the capital of the relevant Sub-Fund / class of Units, resulting in an increase in distributable income for the payment of distributions by the relevant Sub-Fund / class of Units and therefore, the relevant Sub-Fund / class of Units may effectively pay distributions out of capital. This may reduce the capital that the relevant Sub-Fund / class of Units has available for investment in future and may constrain capital growth; and
- investors should be aware that in circumstances where payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.
- Investors should also note the liquidity risk, risks relating to obligations to comply with Automatic Exchange of Financial Account Information, risks relating to obligations under Foreign Account Tax Compliance Act ("FATCA") Regulations, and withholding tax risk under FATCA regime.
- Please refer to the offering document of the Sub-Funds for further details including investment objectives and policies, charges and expenses, and risk factors, before making any investment decision.

The risk levels¹ of the sub-funds² after the assessment are as follows:

Sub-Fund	Risk Level ¹
BOCIP Shenzhen Growth Fund	High
BOCIP China Health Care Fund	High
BOCIP China-A Small and Mid Cap Fund	High
BOCIP China Wealth Fund	High
BOCIP China Value Fund	High
BOCIP Hong Kong Value Fund	High
BOCIP Hong Kong Low Volatility Equity Fund	High
BOCIP Japan Small & Mid Cap Opportunity Fund	High
BOCIP Asia Quality Equity Fund	High
BOCIP Flexi USD Bond Fund	Medium
BOCIP Flexi HKD Income Fund	Low to Medium
BOCIP USD Short Duration Bond Fund	Low to Medium
BOCIP HK Dollar Money Market Fund	Low
BOCHK Aggressive Growth Fund	High
BOCHK Balanced Growth Fund	Medium to High
BOCHK Conservative Growth Fund	Medium
BOCHK Sterling Income Fund	Medium
BOCHK Asia Pacific Equity Income Fund	High
BOCHK Australia Income Fund	Medium
BOCHK China Income Fund	High
BOCHK Hong Kong Income Fund	High
BOCHK Hong Kong Dollar Income Fund	Low to Medium
BOCHK RMB Fixed Income Fund	Low to Medium
BOCHK Global Equity Fund	High
BOCHK Asia Pacific Equity Fund	High
BOCHK Asia Pacific Property Fund	High
BOCHK Japan Equity Fund	High
BOCHK China Equity Fund	High
BOCHK China Golden Dragon Fund	High
BOCHK China Consumption Growth Fund	High
BOCHK Hong Kong Equity Fund	High
BOCHK Global Bond Fund	Medium
BOCHK US Dollar Money Market Fund	Low
BOCHK HK Dollar Money Market Fund	Low
NCB China Balanced Fund	High
NCB China Equity Fund	High
NCB China Resources Opportunities Fund	High
NCB HK Dollar Money Market Fund	Low
BOC-Prudential North America Index Fund	High
BOC-Prudential S&P 500 Index Fund	High
BOC-Prudential European Index Fund	High
BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund	High
BOC-Prudential MSCI Japan Index Fund	High

Should you have any queries in relation to the above matters, please feel free to contact the Investment Fund Services Hotline at (852) 2280 8615.

¹ Risk levels are categorized into low, low to medium, medium, medium to high and high. The risk levels are determined by BOCI-Prudential Asset Management Limited based on the investment mix of each Sub-Fund and/or its underlying investments, and represent only the views of BOCI-Prudential Asset Management Limited in respect of the relevant Sub-Fund. Such risk levels are for reference only and should not be regarded as investment advice. You should not rely on the risk levels only when making any investment decision. The risk level will be reviewed and (if appropriate) updated at least annually without prior notice, taking into account the prevailing market circumstances. If you are in doubt about the information of risk level, you should seek independent financial and professional advice.

² Please note that the Investment Manager has conducted the assessment on the risk levels of each sub-fund based on data as at 31 December 2019.

This document is issued by BOCI-Prudential Asset Management Limited and has not been reviewed by the SFC.