

# FAQs on Swing Pricing

## Swing Pricing

BOCI-Prudential Asset Management Limited (the “**Manager**”) has implemented a swing pricing strategy and mechanism (“**Swing Pricing**”) in certain sub-funds under its management. Swing Pricing is adopted as part of the Manager’s liquidity risk management tools to mitigate the dilution effect on the sub-funds as a result of subscription / redeeming activities of investors transacting in the sub-funds. It should be noted that Swing Pricing is adopted for better protection of the interests of the unitholders of the sub-funds in the long run. This FAQ serves to provide more information about the swing pricing practice of the Manager.

## What is the Swing Pricing mechanism that may be adopted by the Manager for the sub-funds?

The Manager adopts a partial swing pricing mechanism. Under this approach, swing pricing will be triggered when the net cash flow of subscription and redemption amounts of a sub-fund on any dealing day exceeds a pre-determined swing threshold (“**Swing Threshold**”).

The Manager may apply swing factor(s) (in the form of an adjustment percentage) (“**Swing Factor**”) in the determination of the issue price or redemption price (i.e. the published net asset value per unit) of the sub-fund where the net amount of subscription and redemption of the relevant sub-fund exceeds the Swing Threshold.

Under normal market circumstances, the Swing Factor will not exceed 2% of the price in the base currency of the relevant sub-fund on the relevant dealing day.

## How is Swing Factor determined?

Swing Factor is determined based on an analysis of bid/offer spreads, brokerage commissions and other applicable trading costs of the relevant sub-funds. The Swing Factor varies amongst different funds and it is reviewed on a periodic basis by the Manager. A Swing Pricing Working Group (the “**Working Group**”) was set up by the Manager to review the Swing Factor adopted on its sub-funds regularly.

The Working Group will, as far as practicable, consult with the trustee of the relevant sub-funds in case there are material changes on the Swing Pricing Policy, such as basis of calculation of the Swing Factor.

## How the adoption of Swing Pricing may affect investors of the sub-funds?

Investors should be informed of the following:

- The resulting issue price or redemption price of the relevant sub-fund (i.e. the published net asset value per unit of the sub-fund) on the relevant dealing day will be increased by the Swing Factor where the net amount of subscription on the relevant dealing day exceeds the Swing Threshold. Vice versa, the aforesaid price would be decreased by the Swing Factor where the net amount of redemption on the relevant dealing day exceeds the Swing Threshold.
- Investors should note that the occurrence of circumstances which may trigger the adoption of Swing Pricing is not predictable. It is not possible to accurately predict how frequent Swing Pricing will be applied.
- In terms of management fee and performance fee calculation (if any for the relevant sub-fund), these fee are charged based on the net asset value of the sub-funds before the swing pricing adjustments. For details of the investment funds which are subject to the swing pricing, please refer to the offering documents of the respective funds.

## Important Information

Investment involves risk and is subject to market fluctuations and inherent risks. Price of units and the income generated from them (if any) may go down as well as up. Investors could face no returns and/or suffer significant loss related to the investments. Past performance is not indicative of future performance.

The information contained herein is based on sources believed to be reliable and has not been independently verified. BOCI-Prudential Asset Management Limited makes no representation, warranty or undertaking, whether express or implied, in relation to the information in this document, and will not be responsible for damages arising out of any person’s reliance upon this document. Information in this document reflect a judgment at its original date of publication and are subject to change without notice.

The information contained herein are for reference only. Investors should not solely rely on such information to make any investment decision. This document should not be reproduced or further distributed to any person or entities, whether in whole or in part, for any purposes.

This document does not constitute any distribution, or any recommendation, offer, invitation or solicitation to buy or sell and investment.

This document and the Manager’s website have not been reviewed by the Securities and Futures Commission.

Issuer: BOCI-Prudential Asset Management Limited