

BOCHK Hong Kong Dollar Income Fund

Monthly Highlight

November 2023 (Data as of 31/10/2023)



Key Features and Risk Disclosure:

- The BOCHK Hong Kong Dollar Income Fund (the "Sub-Fund") seeks to provide a stable income stream and long-term capital appreciation through investing at least 70% of its non-cash assets in a portfolio which mainly consists of Hong Kong dollar denominated investment grade bonds. The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP).
- Investment involves risks and the Sub-Fund may not be suitable for anyone. Past performance is not indicative of future performance. The Sub-Fund is subject to market and exchange rate fluctuations and to the risks inherent in all investments. Price of Units and the income (if any) generated from the Sub-Fund may go down as well as up. Investors could face no returns and/or suffer significant loss related to the investments. There is no guarantee in respect of repayment of principal.
- The key risks to which the Sub-Fund is subject to include: general investment risk, currency risk, concentration risk, credit/ counterparty risk, credit rating risk, downgrading risk, interest rate risk, valuation risk, derivative instruments risk, risk in relation to distribution, RMB currency and conversion risks, risk relating to those class(es) of units denominated in a currency other than the base currency, cross-class liability risk and risk associated with instruments with loss-absorption features.
- The Manager will normally make distributions out of net income received or receivable. 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 distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.
- Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this 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 of the relevant class.
- Please refer to the offering document of the Sub-Fund for further details including investment objectives and policies, charges and expenses, and risk factors, before making any investment decision.

Market Comment and Fund Comment[#]

Market Comment

- Hong Kong dollar (HKD) bond market generally followed trend of its U.S. counterparts, albeit outperforming, in October.
- Interbank rates (known as HIBORs) retreated from recent highs, with the 1-month tenor dropping by 50 basis points to 4.90%, supported supporting bond strength in the front-end. In contrast, longer-dated bonds underperformed, with yield on the 10-year benchmark government bond surging by another 16 basis points to 4.32%, resulting in a less inverted steepened yield curve.

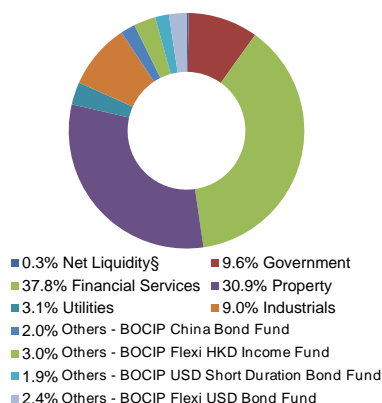
Fund Comment

- With uncertainty surrounding both macro and central bank policy, market volatility should likely stay high in the near term. We adhere to a conservative approach towards duration management, whilst favoring high-quality credits for yield enhancement.

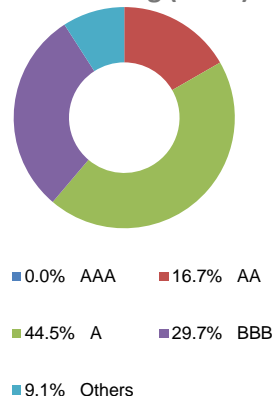
Fund Features

- Invest mainly in Hong Kong dollar denominated investment grade bonds, mitigating currency risk.
- Invest in bonds from private corporation and government, which invest across a spectrum of sectors, therefore achieving risk diversification and exposing to various opportunities from business cycle.
- As of 31/10/2023, investment grade bonds rated grade A or above account for 61.2% of the portfolio^{*}.
- As of 31/10/2023, duration of the Sub-Fund is 1.9, the 3 years annualized standard deviation is 2.3673%.

Sector allocation^{**}



Credit rating (Bond)



Fund Distribution^{***}

(Class A-HKD Units)				
Record Date	Distribution per Unit (HKD)	Fund Price on Record Date (HKD)	Distribution Rate	Annualized Yield
31/12/2020	0.0561	11.2085	0.50%	
31/03/2021	0.0556	11.1169	0.50%	
30/06/2021	0.0558	11.1555	0.50%	
30/09/2021	0.0555	11.0948	0.50%	
31/12/2021	0.0550	10.9948	0.50%	
31/03/2022	0.0535	10.6961	0.50%	
30/06/2022	0.0526	10.5011	0.50%	
30/09/2022	0.0515	10.2818	0.50%	
31/12/2022	0.0516	10.3062	0.50%	
31/03/2023	0.0524	10.4731	0.50%	
30/06/2023	0.0522	10.4328	0.50%	
30/09/2023	0.0517	10.3243	0.50%	2.00%

* Source: BOCI-Prudential Asset Management; Credit ratings of debt securities are based on the credit rating announced by S&P and Moody

** With effect from 17 December 2018, sector classification methodology for the Sub-Fund has been updated slightly. Accordingly, the sector allocation has been restructured and the sector named "Telecom" has been replaced by "Communication Services".

§ "Net Liquidity" was formerly named as "Cash & Deposit".

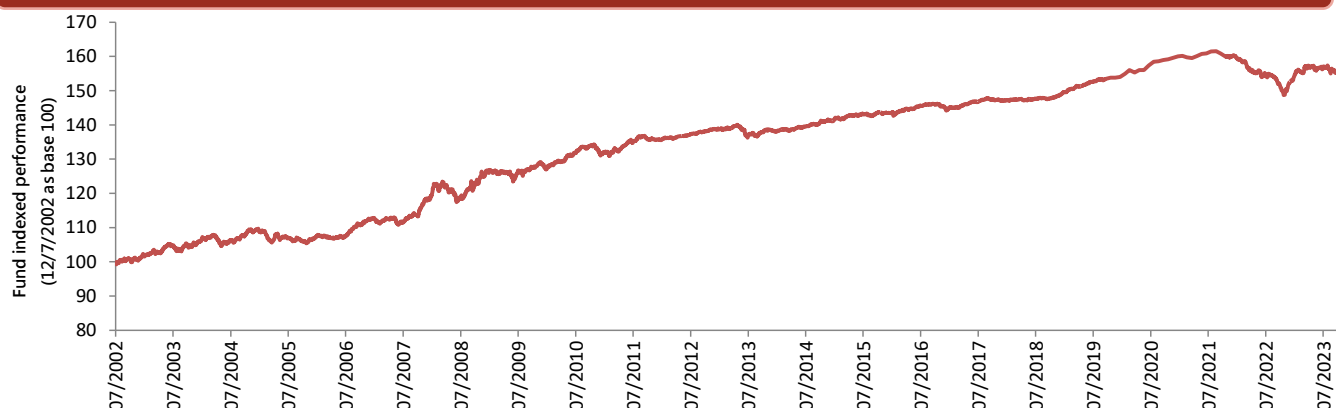
*** The Manager may, subject to its discretion, declare distributions on a quarterly basis. Distributions will normally be paid out of net income, and in the event that the net income is insufficient to pay the distributions, the Manager may determine in its discretion that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging/ paying all or part of the fees and expenses to/ out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund, the frequency of distributions, the dates and the amount of distributions. The Manager also has the discretion to determine if and to what extent distributions will be paid out of capital of the Sub-Fund. Please also refer to the Manager's website for the composition of the latest distribution (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital). Information contained in the website of the Manager has not been reviewed by the SFC. The annualized yield is defined as "total number of distribution per year x Distribution Rate as of the record date" with effect from 23 September 2014, where "Distribution Rate as of the record date" is defined as "Distribution per Unit / fund price on the record date x 100%".

Source: BOCI-Prudential Asset Management

◊ The Sub-Fund is approved as "Eligible Collective Investment Scheme" under "Capital Investment Entrant Scheme" ("CIES") of Hong Kong Special Administrative Region ("HKSAR"). The HKSAR Government has announced that the CIES has been suspended with effect from 15 January 2015 until further notice. The Immigration Department of HKSAR ("Immigration Department") will continue to process applications received on or before 14 January 2015, whether already approved (including approval-in-principle and formal approval) or still being processed. For further details and the related Frequently Asked Questions, please visit the website of the Immigration Department at http://www.immd.gov.hk/eng/services/visas/capital_investment_entrant_scheme.html.

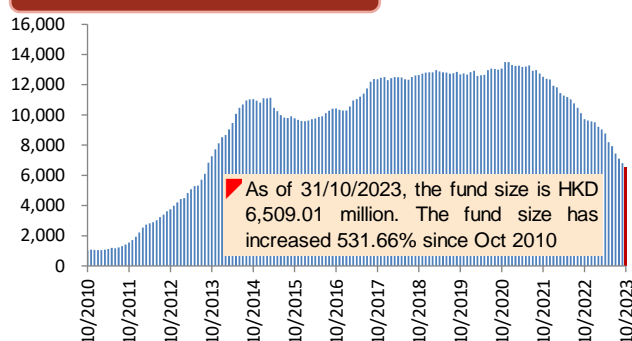
The manager's comment above solely reflects the opinion, view and interpretation of the fund managers as of the date of issuance of this document. Investors should not solely rely on such information to make any investment decision.

Fund Performance[△] (Since inception (12/7/2002) to 31/10/2023) (Gross Distribution Reinvested) (Class A-HKD Units)

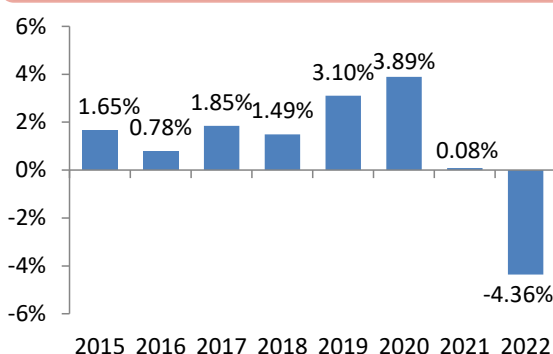


Source : Lipper

Fund Size (Million HKD)



Calendar Year Performance[△] (HKD) (Gross Distribution Reinvested) (Class A-HKD Units)



Fund performance is calculated with gross distribution reinvested
 * Since inception 12/7/2002 to 31/10/2023

Source : BOCI-Prudential Asset Management

[△] Investment involves risk. Fund performance is calculated in sub-fund's base currency on NAV-to-NAV basis with gross distribution reinvested. The Sub-Fund is subject to market fluctuations and exchange rate fluctuations in all investment. Investor should carefully consider their own investment objectives, risk tolerance level and other circumstances and seek independent financial and professional advice as appropriate before making any investments.

Cumulative Performance[△] (HKD) (Class A-HKD Units)

YTD	1.77%
1 month	0.07%
3 months	-0.54%
6 months	-0.76%
1 year	4.24%
3 years	-2.06%
5 years	5.36%
Since Inception*	55.88%

Top Ten Holdings (as of 31/10/2023)

Investment	(%)	Issuer
CN OVRS FIN VIII 2.9% A 15JAN2025	4.5	China Overseas Finance (Cayman) VIII Limited
HSBC HOLDINGS 1.55% A 03JUN2027	3.9	HSBC Holdings PLC
STANDARD CHART 4% A 27JUN2025	3.7	Standard Chartered PLC
MTR CORP LTD 3.95% Q 29MAY2025	3.5	MTR CORP LTD
HK GOVT BOND PRO 2.02% S/A 07MAR2034	3.3	HK GOVT BOND PROGRAMME
HK MTGE CORP 0.8% A 04OCT2024	3.2	The Hong Kong Mortgage Corp Ltd
AIA GROUP 2.25% Q 28MAR2024	3.1	AIA Group Limited
MIZUHO BANK/HK 0.7% A 15JUN2024	3.1	Mizuho Bank, Ltd. of Hong Kong
HK GOVT BOND PRO HKCPI S/A 16NOV2023	3.1	HK GOVT BOND PROGRAMME
BANK OF COMM/HK 0.95% A 13DEC2023	3.1	Bank of Communications Co Ltd Hong Kong Branch

- Investment involves risks and is subject to market fluctuations and inherent risks. Investment in emerging markets involves special risks and considerations. Investors could face no returns and/or suffer significant loss related to the investments. Past performance is not indicative of future performance. Fund performance is calculated in sub-fund currency on NAV-to-NAV basis with gross distributions re-invested. Investors should carefully consider their own investment objectives, risk tolerance level and other circumstances. Please refer to the offering document of the sub-funds for further details (including risk factors, fees and fund information).
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