

PRODUCT KEY FACTS

GaoTeng WeFund
GaoTeng Asian Income Fund



GaoTeng Global Asset Management Limited

April 2021

- 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

Manager: GaoTeng Global Asset Management Limited

Trustee: ICBC (Asia) Trustee Company Limited

Ongoing charges over a year:	Class A	
	Class A (USD) -DIS	1.20%*
	Class A (USD)-ACC	1.20% *
	Class A (HKD-hedged)-DIS	1.21%*
	Class A (HKD-hedged)-ACC	1.20%*
	Class A (CNH-hedged)-DIS	1.20%#
	Class A (CNH-hedged)-ACC	1.20%##
	Class A (SGD-hedged)-DIS	1.20%#
	Class A (SGD-hedged)-ACC	1.20%##

*The ongoing charges figure is expressed as a percentage of the sum of expenses over the average Net Asset Value of the class of Units for the year ended 31 December 2020. This figure may vary from year to year.

#The first issue of the class of Units had not yet occurred as at 31 December 2020. This ongoing charges figure is an estimate only and is based on the ongoing charges figure of Class A (USD) - DIS with similar fee structure for the relevant financial period. The actual ongoing charges figure may be different and may vary from year to year.

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Dealing frequency: Daily

Base currency: USD

Dividend Policy: Accumulation (ACC) Classes (No distribution will be made)

Distribution Classes (DIS) (Dividends*, if any, will be paid)

* It is currently intended that distributions will be made once per month for the Distribution Classes of Units, subject to the Manager’s discretion. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Distribution Class.

Financial year end: 31st December

Minimum Investment:	Class	Minimum Initial Subscription Amount	Minimum Subsequent Subscription Amount
	Class A (USD)-DIS	USD 100	USD 100
	Class A (USD)-ACC	USD 100	USD 100
	Class A (HKD-hedged)-DIS	HKD 1,000	HKD 1,000
	Class A (HKD-hedged)-ACC	HKD 1,000	HKD 1,000
	Class A (CNH-hedged)-DIS	CNH 1,000	CNH 1,000
	Class A (CNH-hedged)-ACC	CNH 1,000	CNH 1,000
	Class A (SGD-hedged)-DIS	SGD 100	SGD 100
	Class A (SGD-hedged)-ACC	SGD 100	SGD 100

What is this product?

GaoTeng Asian Income Fund (the “**Sub-Fund**”) is a sub-fund of GaoTeng WeFund, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

Objective and Investment Strategy***Investment Objective***

The Sub-Fund aims to provide regular income and capital appreciation over the medium to long term by investing primarily in a portfolio of fixed income securities issued by corporations and government entities in the Asia Pacific region.

Investment Strategy

The Sub-Fund aims to achieve its investment objective by investing at least 70% of its Net Asset Value in a portfolio of debt securities issued by governments (including any supranational and sovereign/government entities and government agency) in the Asia Pacific region and companies which are incorporated in the Asia Pacific region or have significant operations in or derive a significant portion of revenue from the Asia Pacific region. The Sub-Fund may also invest in Renminbi (“RMB”) denominated debt securities issued outside Mainland China or within Mainland China (via Bond Connect). The Sub-Fund will not in aggregate invest more than 20% of its Net Asset Value in the onshore Mainland China market. The total exposure to onshore Mainland China bonds may be up to 20% of the Sub-Fund’s Net Asset Value; the total exposure to offshore RMB bonds (“Dim Sum” bonds) will be less than 30% of the Sub-Fund’s Net Asset Value; and the total exposure to RMB assets may be up to 50% of the Sub-Fund’s Net Asset Value. The Sub-Fund may invest not more than 30% of its Net Asset Value in urban investment bonds. “Urban investment bonds (城投債)” are bonds issued by local government financing vehicles (“LGFV”) in the onshore Mainland China and offshore China bond markets. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment and infrastructure projects.

The Asia Pacific region includes emerging market countries/regions as well as developed countries/regions. Regions where the Sub-Fund may invest in include but are not limited to, Hong Kong, Mainland China, Korea, Taiwan, Australia, New Zealand, Malaysia, Singapore, Indonesia, Thailand, Philippines, India and Pakistan. The Sub-Fund also seeks relative value opportunities in other emerging market or developed countries/regions. Up to 30% of the Sub-Fund’s Net Asset Value may be invested in non-Asia Pacific securities.

In selecting debt securities for the Sub-Fund, the Manager adopts bottom-up fundamental research and valuation analysis combined with top-down macro analysis and strict risk management. The Manager aims to invest in a broadly diversified portfolio, usually comprising about 80 to 100 holdings of debt securities, with no fixed duration, term structure, country/region or industry sector weightings in the allocation of assets. Asset allocation will be determined by the Manager’s top-down macro views and availability of attractive investment opportunities. Likewise, selection of debt securities for investment by the Manager will be based on the creditworthiness of the issuers with a primary focus on the issuers’ corporate profile, leverage, liquidity, management team and business profile as well as the issuance structure and underlying intrinsic values as compared to market prices and those with peers.

Such debt securities are across all ratings and thus, may be rated below investment grade or unrated (i.e. where the debt security itself and its issuer are not rated). Nonetheless, the Sub-Fund seeks to invest a minimum of 50% of its Net Asset Value in debt securities which have, or the issuers of which have, an investment grade rating of at least BBB- (rated by an internationally recognised credit agency such as Moody’s or Standard & Poor’s) or a rating of AAA rated by a Mainland Chinese domestic credit rating agency.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by and/or guaranteed by any single sovereign/government that is rated non-investment grade and/or unrated (including its government, public or local authority).

The Sub-Fund may use derivatives for hedging purposes only.

The debt securities in which the Sub-Fund may invest will be primarily capital securities and preference shares with fixed income features, convertible (including contingent convertible) bonds, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, guaranteed bonds and bonds backed by a standby letter of credit (“SBLC”), transferable notes, commercial paper, certificates of deposits of variable or fixed interest rates that are listed, traded or dealt in regulated markets or exchanges, short term bills and notes. Not more than 25% of the Sub-Fund’s Net Asset Value may be invested in convertible bonds within which investment in

contingent convertible bonds will be up to 15% of the Sub-Fund's Net Asset Value. Contingent convertible bonds may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Exposure to investments may be obtained indirectly through investing in other collective investment schemes (i.e. managed funds) for up to 25% of the Sub-Fund's Net Asset Value.

If the Manager considers fit, the Sub-Fund may seek exposure to other asset classes that may generate additional income for the Sub-Fund, including but not limited to equities and real estate investment trusts (REITs). These instruments will not in aggregate exceed 15% of the Sub-Fund's Net Asset Value.

Under exceptional circumstances (e.g. market crash or crisis), the Sub-Fund may be invested temporarily up to 100% in cash assets to manage cash flow and mitigate downside risks.

The Manager may enter into repurchase transactions in respect of the Sub-Fund.

The maximum proportion and expected proportion of the Net Asset Value of the Sub-Fund that can be subject to repurchase transactions, when aggregated with the Sub-Fund's borrowing, are 20% and 10 % respectively. The actual proportion of the Net Asset Value engaged in such transactions may vary over time depending on factors including, but not limited to, market conditions.

This Sub-Fund will not engage in securities lending or reverse repurchase transactions.

Use of derivatives / Investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the offering document for details including the risk factors.

General Investment risk

The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

Currency risk

Underlying investments of the Sub-Fund may be denominated in currencies other than the Base currency of the Sub-Fund. Also, a class of shares may be designated in a currency other than the Base Currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base currency and by changes in exchange rate controls.

Emerging market risk

The Sub-Fund invests in emerging markets which 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.

Concentration risk

The Sub-Fund's investments are concentrated in Asia Pacific region. The value of the Sub-Fund may be more volatile than that of a Sub-Fund having a more diverse portfolio of investments.

The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asia Pacific region market.

Risks associated with debt securities

Credit / Counterparty risk

The Sub-Fund is exposed to the credit/default risk of issuers of the debt securities that the Sub-Fund may invest in.

Interest rate risk

Investment in the Sub-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.

Volatility and liquidity risk

The debt securities in Asia Pacific region 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. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Downgrading risk

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.

Risk associated with debt securities rated below investment grade or unrated

The Sub-Fund may invest in debt securities rated below BBB- (rated by an internationally recognised credit agency) or rated below AAA (rated by a Mainland Chinese domestic 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.

Sovereign/government debt risk

The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign/government issuers may not be able or willing to repay the principal and interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign/government debt issuers.

Valuation risk

Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

Credit rating risk

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

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 be different from those given by other international rating agencies.

Risks associated with investments / exposure to RMB currency and Mainland China

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 Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Urban investment bonds risk

In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

Risk associated with contingent convertible bonds

Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level and may be subject to the following key risks:

- Trigger level risk/conversion risk: Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price), or cause the permanent write-down resulting in the principal amount invested being lost on a permanent or temporary basis. It might be difficult for the Manager to anticipate the trigger events that would require conversion. The Manager might be forced to sell new equity shares upon conversion and such forced sale may result in the Sub-Fund experiencing loss.
- Coupon cancellation risk: Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. These instruments may be volatile and their price may decline rapidly in the event that coupon payments are suspended.
- Sector concentration risk: Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund **with investment in contingent convertible bonds** may therefore be affected **to a larger extent by the** overall condition of the financial services industry than for funds following a more diversified strategy.
- Novelty and untested nature: The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Risks relating to hedging and Currency hedged classes

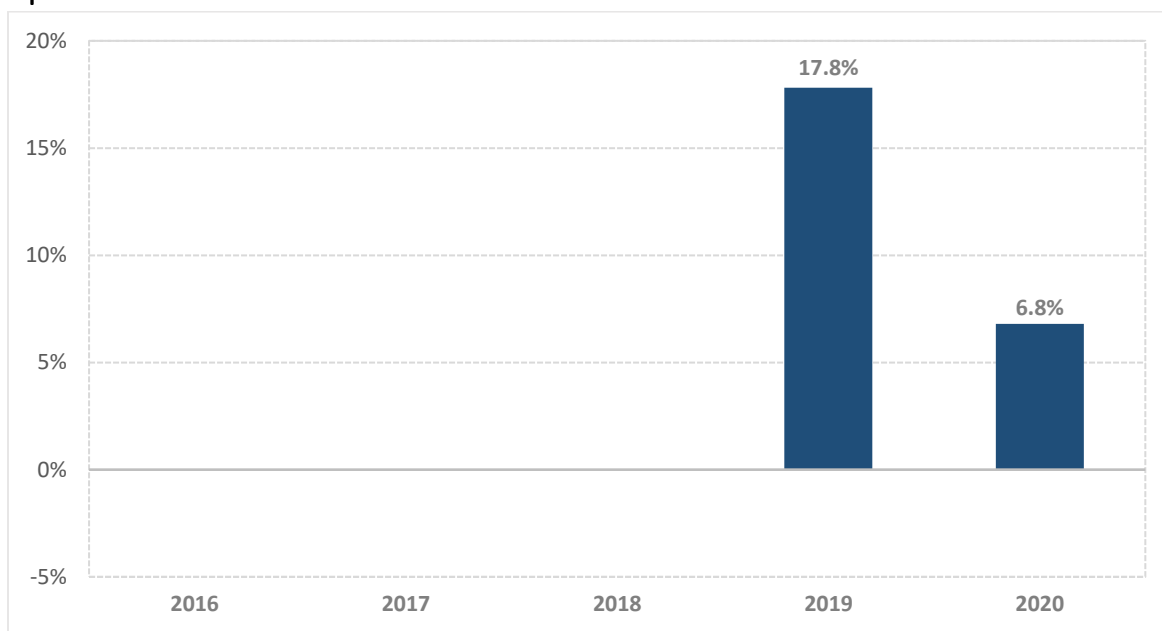
There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. There can be no assurance that any currency hedging strategy will fully and effectively eliminate the fluctuation between the Base Currency and the relevant class currency. Investment in the currency hedged classes may preclude Unitholders from benefiting from an increase in the value of the Sub-Fund's Base Currency.

Risks associated with distribution out of the Sub-Fund's capital

Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

The distribution amount and Net Asset Value of the currency hedged class(es) may be adversely affected by differences in the interest rates of the reference currency of the currency hedged class(es) and the Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit class(es).

How has the Sub-Fund performed?



Note:

- 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.
- These figures show by how much the Class A (USD)-ACC increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including taking into account 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.
- Fund launch date: 2018
- Class A (USD)-ACC launch date: 16 Nov 2018

Is there any guarantee?

The Sub-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 Sub-Fund.

<u>Fee</u>	<u>What you pay</u>
Subscription fee* (preliminary charge) (% of subscription amount)	Class A Units: Up to 3%
Switching fee* (% of the Total amount being converted)	Class A Units: Nil
Redemption fee* (% of redemption amount)	Class A Units: Nil

* Investors may be subject to pricing adjustments when they subscribe, redeem or convert (if applicable) Units of the Sub-Fund. For details, please refer to “Valuation and Suspension – Adjustment of Prices” in the main part of the Explanatory Memorandum.

Ongoing fees payable by the Sub-Fund

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

	<u>Annual rate (current rates)</u>
Management fee*	(% of Net Asset Value of the relevant Class) Class A Units: 1% p.a.
Trustee fee**	(% of Net Asset Value of the Sub-Fund) Class A Units: Up to 0.1% p.a.

Custodian fee [#]	(% of the month-end market value (if unavailable, the nominal value) of the Sub-Fund's investments in custody) Class A Units: Up to 0.025% p.a.
Performance fee	Nil
Administration fee	Included in the Trustee Fee
<p>* The fees and charges may also be increased up to the maximum level as specified in the offering document by giving at least one month's prior notice to investors. Please refer to the offering document for further details.</p> <p># Trustee Fee and Custodian Fee together subject to a minimum monthly fee of USD2,500.</p>	
<p>Other fees</p> <p>You may have to pay other fees when dealing in the Units of the Sub-Fund.</p>	

<p>Additional Information</p> <ul style="list-style-type: none"> You generally buy and redeem Units at the Sub-Fund's next-determined subscription price and redemption price with reference to the Net Asset Value after the Transfer Agent receives your request in good order on or before 4:00pm (HK Time), being the dealing cut-off time. Authorised Distributors may impose different dealing deadlines for receiving requests from investors. The Net Asset Value of the Sub-Fund is calculated and the price of Units is published on each Business Day on the Manager's website at www.gaotengasset.com*. The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and also on the Manager's website*. Investors may obtain the past performance information of other unit classes offered to Hong Kong investors from the Manager's website*. (if applicable) <p>* Investors should note that the aforesaid Manager's website has not been reviewed by the SFC.</p>
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<p>Important</p> <p>If you are in doubt, you should seek professional advice.</p> <p>The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.</p>
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