招商證券資產管理(香港)有限公司
CMS ASSET MANAGEMENT (HK) CO., LIMITED

PRODUCT KEY FACTS

CMS Funds
CMS Hong Kong Multi Income Fund

Issuer: CMS Asset Management (HK) Co., Limited

April 2025

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:	CMS Asset Management (HK) Co., Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Dealing frequency:	Daily
Base currency:	HK$
Dividend policy:	Class A and Class B: Dividend in respect of each financial year, if declared, will be distributed. The Manager may at its discretions (i) pay dividends out of capital of the relevant class, and /or (ii) pay dividends out of gross income while charging all or part of the class' fees and expenses to the capital of the relevant class, resulting in an increase in distributable income for the payment of dividends by the class and an effective payment of dividends out of capital. The Manager may amend this policy subject to the SFC's prior approval and by giving not less than one month's prior notice to investors. 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 investment. This may result in an immediate reduction of the net asset value per unit of the relevant class.
Ongoing charges over a year#:	Class A: 2.80% (exclusive of performance fees) Class A: 2.80 % (inclusive of performance fees) Class B: 2.64% #The ongoing charges figure is based on expenses for the 12 months ended 31 March 2025. This figure may vary from year to year. It represents the ongoing expenses expressed as a percentage of the Sub-Fund's average net asset value over the same period. The performance fees to be paid as at year end, where applicable, may vary subject to market conditions. Starting from 30 June 2016, the ongoing charges figure will be capped at a maximum of 3% of the average net asset value of the Sub-Fund. Any expense of the Sub-Fund (falling within the scope of ongoing expenses, excluding performance fee in relation to Class A) will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure exceeding 3%.
Financial year end of this Sub-Fund:	31 December
Min. investment:	Class A: HK$10,000 initial, HK$5,000 additional Class B: HK$500,000 initial, HK$50,000 additional

Min. holding:	Class A: Class B:	Units with aggregate minimum value of HK$10,000 Units with aggregate minimum value of HK$500,000
Min. redemption:	Class A: Class B:	Units with aggregate minimum value of HK$10,000 Units with aggregate minimum value of HK$50,000

What is this product?

CMS Hong Kong Multi Income Fund (the "Sub-Fund") is a sub-fund of CMS Funds, which is a Hong Kong domiciled umbrella structure unit trust and is governed by the laws of Hong Kong.

Objective and Investment Strategy

Investment Objective

CMS Hong Kong Multi Income Fund seeks to maximise total returns (income and long-term capital appreciation) by actively allocating its assets and by investing in a diversified portfolio of (A) equity securities of companies operating principally in Hong Kong and/or China, or companies whose businesses are linked directly or indirectly to the economic growth in Hong Kong and/or China, and (B) debt securities and debt-related securities issued or guaranteed by Hong Kong or Chinese issuers. The Sub-Fund may invest in (A) for up to 100% of its net asset value.

The Sub-Fund will invest at least 70% of its net asset value in equities that are listed on the Stock Exchange of Hong Kong and traded in Hong Kong dollars and/or debt securities denominated in Hong Kong dollars.

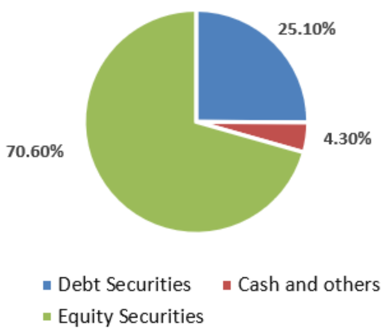
The equity securities which the Sub-Fund may invest include equities and equity-related securities such as but are not limited to warrants, equity options, convertible bonds, depository receipts and exchange traded funds. It is intended that the primary equity securities which the Sub-Fund invests will be quoted, traded or listed on the Hong Kong Stock Exchange. However, the Sub-Fund may also invest in equity securities which are quoted, traded or listed on other stock exchanges (including but are not limited to the Shenzhen Stock Exchange, Shanghai Stock Exchange, New York Stock Exchange, NASDAQ and Stock Exchange of Singapore etc) and unlisted equity securities. The Sub-Fund may invest up to 30% of its net asset value in China A-Shares through the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect (collectively, the "**Stock Connect**") and/or the status of a Qualified Investor ("**QI**").The Sub-Fund will not invest in China B-Shares.

The fixed or floating rate debt securities which the Sub-Fund may invest include but are not limited to those issued or guaranteed by governments, public entities or agencies, quasi-government organisations, banks, financial institutions and other corporate entities headquartered or listed in Hong Kong and/or China. There is no restriction on the minimum credit ratings of the debt instruments which the Sub-Fund may hold. The Sub-Fund will not invest more than 10% of its net asset value in "Dim Sum" bonds. The Sub-Fund may invest up to 30% of its net asset value in debt securities issued and distributed

Investment Mix

as at

31 March 2025



within mainland China through the Bond Connect[1], the CIBM Initiative[2] and/or the status of a QI.

The Sub-Fund will not invest more than 10% of its net asset value in securities issued or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade.

The Sub-Fund will not invest more than 10% of its net asset value in convertible bonds.

The asset allocation of the Sub-Fund will change according to the Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market. The indicative allocation of the non-cash assets of the Sub-Fund is as follows (as a percentage of the net asset value):

(1) Equity securities: 60% - 100%;
(2) Debt securities: 0% - 40%

The Sub-Fund's aggregate exposure to collective investment schemes (other than exchange traded funds) will not exceed 10% of its net asset value.

The Sub-Fund will not invest more than 10% of its net asset value in collateralized and/or securitized products, such as asset backed securities and mortgage backed securities.

The Manager may enter into reverse repurchase transactions in respect of the Sub-Fund. The maximum and expected proportion of the net asset value of the Sub-Fund that can be subject to reverse repurchase transactions are 25%. Such reverse repurchase transactions will only be conducted on the Shanghai Stock Exchange or the Shenzhen Stock Exchange through the Stock Connect and/or the status of a QI. The Sub-Fund will not engage in securities lending or sale and repurchase transactions. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to unitholders before the Manager engages in any such transactions.

Under exceptional circumstances (e.g. market crash or major crisis such as significantly deteriorating economic, social or political conditions or prolonged closure of relevant market(s) due to unexpected events), the Sub-Fund may be invested temporarily up to 30% of its net asset value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

Investment Strategy

The Manager seeks to invest in equity securities of companies which are likely to benefit from the economic growth in Hong Kong and/or China and demonstrate sustainable competitive edge, favourable growth prospect and high profits potential. Such companies will be selected on the basis of high dividend yields and the potential for capital appreciation. The Manager will select equities and equity-related securities principally based on a value-growth, bottom up approach.

The Manager will actively manage and select debt securities for the Sub-Fund based on the following major criteria: (i) adjusting the average duration of debt securities held by the Sub-Fund based on its expectation of movement in interest rates, (ii) its expectation of future changes in yield for debt securities of different maturities and credit quality, and (iii) its analysis of individual debt securities, their issuers and sectors to which they belong.

Use of derivatives

The Sub-Fund will not use financial derivative instruments for any purposes.

What are the key risks?

[1] As defined in the joint announcement of the People's Bank of China and the Hong Kong Monetary Authority dated 16 May 2017, "Bond Connect" is an arrangement that establishes mutual bond market access between Hong Kong and mainland China. Eligible foreign investors can invest in the China interbank bond market through Northbound Trading of the Bond Connect.

[2] In February 2016, the People's Bank of China announced the opening-up of the China interbank bond market to a wider group of eligible foreign institutional investors free of quota restriction (the "CIBM Initiative").

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

Investment Risk

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Further, there is no guarantee that the investment objective of the Sub-Fund can be achieved.
- The value of investments held by the Sub-Fund may fall as well as rise and investors may not get back the original investments.

Risk Relating to Investing in a Single Market

- Investments of the Sub-Fund are concentrated in Hong Kong and China. The Sub-Fund is likely to be more volatile than a broad-based fund, such as a global equity fund, as they are more susceptible to fluctuations in value resulting from adverse conditions in Hong Kong and China.

Equity Market Risk

- The Sub-Fund’s 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.

China Market Risk and China A-Shares Risk

- Investment in the China market is subject to emerging market risk including political, economic, legal, regulatory and liquidity risks. The Sub-Fund may also be subject to the risks associated with changes in the PRC laws and regulations, and such changes may have retrospective effect and may adversely affect the Sub-Fund.
- The China securities market may be subject to higher volatility compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations.
- The China A-Share markets are undergoing developments. The price at which securities may be purchased or sold by the Sub-Fund and the value of the Sub-Fund may be adversely affected if trading markets for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable. High market volatility and potential settlement difficulties in the China A-Share market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect value of the Sub-Fund.
- Securities exchanges in mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

Risks associated with the SME board, ChiNext market and/or STAR board

- *Higher fluctuation on stock prices and liquidity risk* - Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk* - Stocks listed on SME board, ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- *Differences in regulation* - The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board and SME board.
- *Delisting risk* - It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, ChiNext market and STAR Board have stricter criteria for delisting compared to other boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.
- *Concentration risk* - STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.

Investments in the SME board, the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its investor.

Risks Relating to Debt Securities

- *Credit risk* - The Sub-Fund is exposed to the credit/insolvency risk of issuers of the debt securities it invests in. If the issuer of securities defaults or performs badly, investors may suffer substantial losses.
- *Risks relating to below investment grade / lower rated / unrated debt securities* - Some of the debt securities may be below investment grade / lower rated / unrated. These securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities.
- *Interest rate risk* - Investing in debt securities will subject the Sub-Fund to interest rate risk. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities, and thus the return of the Sub-Fund.
- *Downgrading risk* - Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. If the Sub-Fund continues to hold such securities, it will be subject to additional risk of loss.
- *Valuation risk* - Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the net asset value of the Sub-Fund may be adversely affected. The value of debt securities may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt securities may decline rapidly.
- *Liquidity risk* - The RMB denominated debt securities market is at a developing stage and the trading volume may be lower than those of the more developed markets. The Sub-Fund may invest in debt securities which are not listed. Even if the debt securities are listed, the market for such securities may be inactive. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. The bid and offer spreads of the price of such securities may be large, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly.

Risk of Investing in Exchange Traded Funds ("ETFs")

- There may be tracking error in the underlying ETFs which the Sub-Fund invests due to factors such as imperfect correlation between the ETF's assets and those in the underlying benchmark / index. In addition, the market price of an ETF may be at a discount or premium to its net asset value and the Sub-Fund may suffer a loss if it invests in the ETF at a premium.

Risk relating to dynamic asset allocation strategy

- The investments of the Sub-Fund may be periodically rebalanced and therefore the Sub-Fund may incur greater transaction costs than a fund with static allocation strategy.

Risks Relating to QI

- The Sub-Fund will invest in RMB-denominated debt and equity securities in China primarily through a QI which is subject to applicable regulations imposed by the PRC authorities. Although repatriations by QIs in respect of the Sub-Fund are currently not subject to repatriation restrictions or prior approval, there is no assurance that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from the unitholders.
- Investment in securities through a QI will be subject to custodial risk of the QI Custodian appointed for purpose of safekeeping assets in the PRC. In addition, the execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers in the PRC. If the QI Custodian or the PRC brokers default, the Sub-Fund may not be able to recover all of its assets and may incur a substantial or even a total loss.
- The application of the QI rules may depend on the interpretation of the Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund.

Risks Relating to the Stock Connect

- The relevant rules and regulations on the Stock Connect are subject to change which may have potential
retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading

through the programme is effected, the Sub-Fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

Risk Relating to the China Interbank Bond Market

- The Sub-Fund's investment in China Interbank Bond Market through Bond Connect and CIBM Initiative is subject to regulatory risks and 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. The relevant rules and regulations on Bond Connect and CIBM Initiative are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective may be negatively affected.

PRC Tax Risk

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of the Sub-Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value.
- Based on professional and independent tax advice, (1) currently no provision on withholding income tax is made on the gross realized and unrealized gains derived from investments in China A-Shares and PRC debt securities and (2) the Manager will make provisions for any PRC taxes payable by the Sub-Fund on (i) corporate bond interest from PRC debt securities (except for PRC Government bond) received prior to 7 November 2018, and (ii) dividends derived from China A-Shares, at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant withholding income tax is not withheld at source. In addition, the Manager will make provisions for PRC Valued Added Tax payable by the Sub-Fund on bond coupon interest (except PRC government bonds or local government bonds) received by the Sub-Fund for the period from 1 May 2016 to 6 November 2018 at a rate of 6.72%. Such provisions may be excessive or inadequate to meet the actual tax liabilities. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the asset value of the Sub-Fund will be adversely affected.

Performance Fee Risk

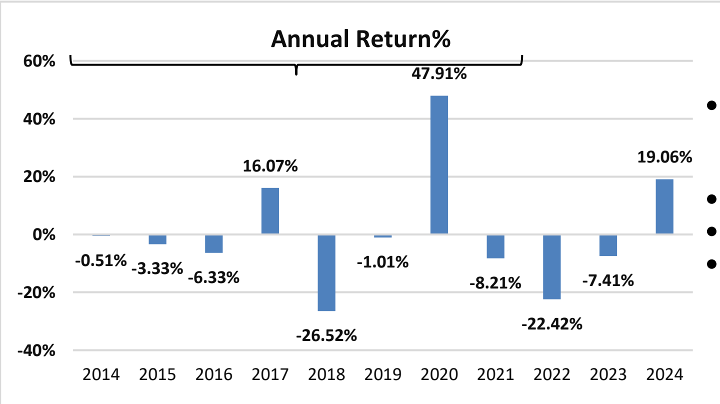
- Units will be subscribed or redeemed during a performance period based on the net asset value per unit of the relevant class. There is no equalisation payment or series units for the purposes of determining the performance fee payable and as such, there is no adjustment of gains or losses in respect of each unit for each investor individually based on the timing of his subscription or redemption during the performance period. Such method of calculating performance fee gives rise to the risk that a redeeming unitholder may be subject to performance fee, even there is a loss in investment capital of the unitholder.

Risk of Distribution out of Capital

- (i) Payment of dividends out of capital and/or (ii) payment of fees and expenses out of capital to increase distributable income amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. This may result in an immediate reduction of the net asset value per unit of the relevant class.

How has the Sub-Fund performed?

The performance of this period prior to 25 February 2021 was achieved under circumstances that no longer apply. The investment policy of the Sub-Fund was changed on 25 February 2021.



- 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, with dividend reinvested.
- These figures have been rounded to one decimal place and show by how much the Class A increased or decreased in value during the calendar year being shown. Performance data has been calculated in HK$ including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: June 2014
- Class A launch date: June 2014
- The Manager views Class A, being the only unit class offered to the retail public in Hong Kong, as the most appropriate representative unit class.

Is there any guarantee?

This 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.

Fee	What you pay	
Subscription Fee (Preliminary Charge)	Class A and Class B:	Up to 5% of the amount invested
Switching Fee (Switching Charge)	Class A and Class B:	Nil*
Redemption Fee (Redemption Charge)	Class A and Class B:	Nil*

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.

	Annual rate
Management fee	Class A and Class B: 1.5% (temporarily reduced to 1.0% p.a. from 1 February 2016 until further notice)* of the class' value
Trustee fee	Class A and Class B: Up to 0.15% of the value of each class, subject to the following minimum monthly fee for the Sub-Fund:* • First 6 months from the launch of the Sub-Fund: HK$17,500 • Between the 7th and 12th months from the launch of the Sub-Fund: HK$26,250 • After the first 12 months from the launch of the Sub-Fund: HK$35,000
Performance fee	Class A: • The Manager is entitled to receive a performance fee (at the rate of 15% of the difference between the net asset value per unit of the class on a valuation day (net of all other fees and expenses but prior to the deduction of any performance fee accrual for that valuation day) and the high water mark multiplied by the average number of units for Class A over the period from the start of the performance period to the relevant valuation day (excluding units created or redeemed on that relevant day), provided that the net asset value per unit is above the high water mark) annually in arrears after the end of a performance period. • High water mark for each performance period means the higher of (i) the initial offer price and (ii) the highest net asset value per unit as at the end of any previous performance period in which a performance fee was payable. The initial high water mark is HK$100. • The first performance period is from the first valuation day of the class following the close of the relevant initial offer period to the last valuation day on or prior to 31 December of the same year. Thereafter each performance period will correspond to the accounting period of the Sub-Fund. • Any performance fee is accrued on a daily basis. A new accrual of the performance fee will be made afresh on each valuation day and any accruals on a previous day will be reversed. If the net asset value per unit on a day is lower than the high water mark, all provision previously accrued will be reversed for the benefit of the Sub-Fund. • At the end of a performance period, the positive balance (if any) of the performance fee accrual will become payable to the Manager and the performance fee accrual in the net asset value per unit will be reset to zero. • For details please refer to the "Fees - Performance Fee" section of Appendix II of the Explanatory Memorandum. Class B: Nil
Custodian fee (Custody fees)	Class A and Class B: Up to 0.05% of the Sub-Fund's value
Administration fee	Not applicable

* The current rate may be increased up to a specified permitted maximum level as set out in the Explanatory Memorandum by giving one month's prior notice to unitholders.

Other fees

You may have to pay other fees when dealing in the units of the Sub-Fund.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value after the authorised distributor receives your request in good order before 5:00 p.m. (Hong Kong time) on each dealing day, which is generally every Business Day. The Authorised Distributor(s) may impose an earlier cut-off time for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements of the Authorised Distributor(s) concerned.
- The net asset value of this Sub-Fund is calculated on each Business Day and is published daily at http://www.cmschina.com.hk/en/AM/FundProduct. Please note that the aforesaid website has not been reviewed by the SFC.
- The compositions of dividends (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 at http://www.cmschina.com.hk/en/AM/FundProduct. Please note that the aforesaid website has not been reviewed by the SFC.
- For further information on the past performance of other unit class offered to Hong Kong investors, please refer to http://www.cmschina.com.hk/en/AM/FundProduct. Please note that the aforesaid website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.