

24 December 2019

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS INFORMATION REGARDING THE OFFERING DOCUMENTS OF THE BOCHK INVESTMENT FUNDS. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENT OF THIS NOTICE, YOU SHOULD SEEK INDEPENDENT PROFESSIONAL FINANCIAL ADVICE.

BOCI-Prudential Asset Management Limited, being the Manager of the BOCHK Investment Funds accepts full responsibility for the information contained in this Notice as being accurate at the date of issuance and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Dear Unitholders,

**Notice to Unitholders
BOCHK Investment Funds (the "Fund")**

Thank you very much for your participation in the Fund and the sub-fund(s) under the Fund (the "**Sub-Funds**").

The SFC has recently published its proposed amendments to the Code on Unit Trusts and Mutual Funds (the "**UTMF Code**") to update the regulatory regime for SFC authorized funds. The revised UTMF Code shall take effect from 1 January 2020. The SFC has also published the Frequently Asked Questions on the Implementation and Transition Arrangements of the Code on Unit Trusts and Mutual Funds (the "**FAQ**") and updated the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds (the "**Guide**") to provide guidance for compliance of the revised UTMF Code by the relevant parties.

In order to comply with the UTMF Code, the FAQ and the Guide (collectively, the "**Regulatory Requirements**"), the trust deed of the Fund dated 28 June 2002, as amended from time to time (the "**Trust Deed**") shall be amended by way of a Deed of Variation and Substitution effective on 31 December 2019 (the "**Effective Date**"). The explanatory memorandum of the Fund (the "**Explanatory Memorandum**") and the product key facts statement of each Sub-Fund (the "**KFS**") shall also be amended on the Effective Date.

The major changes to the Trust Deed relate to the following:

- (1) the investment restrictions generally applicable to the Sub-Funds shall be revised to reflect the updated investment restrictions under Chapter 7 of the revised UTMF Code. Investors can refer to the section headed "INVESTMENT AND BORROWING RESTRICTIONS" in the Explanatory Memorandum for the revised investment restrictions;
- (2) investment restrictions applicable to BOCHK HK Dollar Money Market Fund and BOCHK US Dollar Money Market Fund under Chapter 8.2 (money market funds) of the revised UTMF Code will also be updated;
- (3) the maximum borrowing of each Sub-Fund will be reduced from 25% to 10% of its Net Asset Value, in compliance with the revised borrowing limit under the UTMF Code;
- (4) enhanced obligations of the Trustee and the Manager respectively under the revised UTMF Code; and
- (5) other changes to comply with the revised UTMF Code.

The Explanatory Memorandum and the KFS shall also be updated to reflect the above changes. A new sub-section shall be added on "Unclaimed Proceeds" to clarify the treatment of unclaimed proceeds upon termination of the Fund. The disclosure relating to automatic exchange of financial account information (AEOI) shall also be slightly modified.

In compliance with the latest illustrative template issued by the SFC for KFS, the KFS of the Sub-Funds will be updated. In particular, a new section in relation to the use of derivatives / investment in derivatives of the Sub-Fund is added.

The investment policies of BOCHK Australia Income Fund, BOCHK China Income Fund, BOCHK Global Bond Fund, BOCHK Hong Kong Income Fund, BOCHK Hong Kong Dollar Income Fund, BOCHK HK Dollar Money Market Fund, BOCHK RMB Fixed Income Fund, BOCHK Sterling Income Fund and BOCHK US Dollar Money Market Fund stated in the section headed "INVESTMENT OBJECTIVES AND POLICIES" of the Explanatory Memorandum shall be revised by disclosing that the Sub-Funds may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features ("LAP"). In connection with this, the section headed "RISK FACTORS AND RISK MANAGEMENT POLICIES" in the Explanatory Memorandum shall be enhanced by adding the risk associated with investment in LAP. Investors should note that the investments in LAP are subject to greater risks when compared to traditional debt instruments.

The investment policies of BOCHK HK Dollar Money Market Fund and BOCHK US Dollar Money Market Fund stated in the section headed "INVESTMENT OBJECTIVES AND POLICIES" of the Explanatory Memorandum shall be updated to reflect the revised requirements under Chapter 8.2 of the UTMF Code.

Sections headed "ISSUE OF UNITS", "REDEMPTION OF UNITS" and "SWITCHING BETWEEN SUB-FUNDS" of the Explanatory Memorandum shall be modified to allow greater flexibility for submission of documents and communication with the Unitholders. Unitholders will be allowed to submit documents to the Manager in person, by post or by facsimile or other means from time to time determined by the Manager (unless the original is required by the Manager).

Other minor adjustments and updates shall also be made to the Explanatory Memorandum.

Further, the information relating to the ongoing charges in the KFS of each of the Sub-Fund shall also be updated.

The amendments to the Explanatory Memorandum and the Trust Deed of the Fund mentioned above will not have any adverse impact on the Unitholders. There is no material change to the investment objective and policy of the Sub-Funds, the level of fees payable by the Sub-Funds and the Unitholders, or the manner in which the Sub-Funds are being managed.

You may download a copy of the latest Explanatory Memorandum of the Fund (which has already incorporated changes in the previous addenda) and the latest KFS of each Sub-Fund from our corporate website (www.boci-pru.com.hk)¹ or obtain a copy of such documents free of charge from our office at 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong from the Effective Date.

Copies of the Trust Deed together with all supplemental deeds can be inspected free of charge or obtained upon payment of a reasonable fee during the normal business hours at the office of the Manager at the above address from the Effective Date.

Please feel free to contact the Manager at 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong or the Manager's Investment Funds Services Hotline at (852) 2280 8615 in case you have any queries.

BOCI-Prudential Asset Management Limited
This is a computer print-out. No signature is required.

¹ The website of the Manager has not been reviewed by the SFC.