

PRODUCT KEY FACTS

i Capital Master Fund - *i* Capital China Fund

Capital Dynamics Asset Management (HK) Private Limited

April 2025

- *This statement provides you with key information about i Capital China Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document.*
- *You should not invest in this product based on this statement alone.*

Quick facts

Manager: Capital Dynamics Asset Management (HK) Private Limited

Trustee: BOCI-Prudential Trustee Limited

Custodian: Bank of China (Hong Kong) Limited

Ongoing charges over a year^{#+}:
Class A:
 Without performance fee: 2.73%
 With performance fee: 2.73%

The ongoing charges figure is an annualized ongoing charges incurred by the Sub-Fund from 1 August 2024 to 31 January 2025 based on the information in the latest interim report. It represents the sum of ongoing expenses chargeable expressed as a percentage of the average net asset value of the Unit class for the corresponding period. This figure may vary from year to year.

The ongoing charges figure takes into account the amount of reimbursements by the Manager to the Sub-Fund for the half-year ended 31 January 2025. Amortized portion of the set-up costs (based on amortization over first 5 accounting periods), the management fee and the trustee fee have been included in the ongoing charges figure.

+ The ongoing charges figure will be capped at 2.90% of the average net asset value of the Sub-Fund over a 12-month period. Any ongoing expenses in excess of 2.90% will be borne by the Manager. For the avoidance of doubt, any performance fee payable to the Manager is excluded from this cap. Where the performance fee is levied, the component in the ongoing charges figure which does not include performance fee will be capped at the percentage stated above.

If there is any change to the cap on ongoing charges, the Manager shall provide at least one month's prior written notice to investors and obtain the SFC's prior approval (where applicable).

Dealing frequency: Weekly (last Hong Kong Business Day of every week)

Base currency: USD

Dividend Policy: Class A: No distribution, any income received will be accumulated and reflected in the Unit price.

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| Financial year end: | 31 July |
| Minimum Investment: | <u>Class A</u> Initial: USD1,000 Additional: USD1,000 |
| What is this product? <i>i</i> Capital China Fund is a Sub-Fund constituted in the form of a unit trust under <i>i</i> Capital Master Fund, an umbrella unit trust established under the laws of Hong Kong. | |
| Investment Objective The Sub-Fund seeks to achieve long-term capital appreciation by primarily investing in equity securities issued by companies listed in Hong Kong, Shanghai and/or Shenzhen. Investors should note that the Sub-Fund's allocation between instruments in the mainland China and the Hong Kong markets may change significantly from time to time. This may result in the Sub-Fund's investment portfolio becoming more concentrated on either the mainland China market or the Hong Kong market from time to time. | |
| Investment Strategy The Sub-Fund's investment strategy is driven by the Manager's long term value investing philosophy. The Manager adapts its value investing approach by considering political and economic factors, and aims at drawing on the intrinsic value of a company having regard to the principle of margin of safety (the difference between the intrinsic value of a stock and its market price) as its core investment philosophy. The Sub-Fund's investment horizon will not be restricted by sector or market cap. The Sub-Fund aims to invest predominantly in listed securities whilst maintaining a cash buffer on a temporary basis (pending suitable investment opportunities and also for defensive purposes). The actual asset allocation is driven by the Manager's value investing philosophy which is based on two components: namely the valuation of a listed company AND its market price. When the Manager considers the market is undervalued and there are appropriate investment opportunities whereby listed companies are trading below their fair value, the Sub-Fund may invest as much as 98% of its Net Asset Value in listed equity securities. In times of extreme market conditions such as when there are speculative bubbles in the mainland China and/or Hong Kong markets where the Manager considers that securities are overvalued and/or the mainland China or the Hong Kong economy is overheating, the Sub-Fund's assets may invest up to 100% in cash/cash equivalent products on a temporary basis (such as money market instruments) in order to mitigate risk and/or maintain liquidity of the Sub-Fund. In seeking to achieve the long term capital appreciation investment objective of the Sub-Fund, the Manager may consider a broad variety of factors and circumstances in the selection of securities and construction of the Sub-Fund's portfolio. Such factors may include, but are not limited to, a company's profitability, debt, valuation, growth prospects, actual or future cash flows, volatility, availability and liquidity of securities, sector outlook or prospects, the overall economic, political, tax and regulatory environment affecting the relevant securities and markets in mainland China and/or Hong Kong. Under normal market conditions, at least 70% of the Sub-Fund's Net Asset Value will be invested in equity securities listed in Hong Kong, and/or Shanghai and/or Shenzhen. These equity securities are: (i) China A-Shares via the Shanghai - Hong Kong Stock Connect and the Shenzhen - Hong Kong Stock | |

Connect, (ii) shares listed on the Stock Exchange of Hong Kong Limited, (iii) China B-Shares listed on the Stock Exchanges of Shanghai and Shenzhen.

Less than 30% of the Sub-Fund's Net Asset Value will be invested in debt securities issued by companies listed in Hong Kong, Shanghai and/or Shenzhen; or issued by the mainland China and/or Hong Kong governments. Such debt securities may be listed on a stock exchange and/or traded in a bond market. However, the Sub-Fund will not invest in onshore mainland China debt securities.

The Sub-Fund may also invest less than 30% of its Net Asset Value in equity securities listed outside Hong Kong, Shanghai and/or Shenzhen if such securities are issued by companies whose business is related to the economies of mainland China and/or Hong Kong. These securities may be listed on various stock exchanges including but not limited to stock exchanges in the United States, London or Singapore.

The Sub-Fund may in aggregate invest less than 30% of its Net Asset Value in one or more underlying collective investment scheme(s). These schemes may be managed by the Manager or its connected persons or other third parties, and shall mainly invest in mainland China or Hong Kong related equity and/or debt securities. For schemes which are eligible schemes (i.e. UCITS schemes which are domiciled in Luxembourg, Ireland or the United Kingdom) or authorised by the SFC, investment in each such scheme shall be less than 30% of the Sub-Fund's Net Asset Value. For schemes which are non-eligible schemes and not authorised by the SFC, the Sub-Fund's aggregate investment in such schemes may not exceed 10% of the Sub-Fund's Net Asset Value.

The Sub-Fund will not invest in corporate bonds or government bonds which are rated below BBB by an internationally recognised credit rating agency (such as Fitch, Moody's or Standard and Poor's) and/or unrated securities.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is rated non-investment grade (by an internationally recognised credit rating agency including Fitch, Moody's or Standard and Poor's) and/or unrated sovereign issuer.

The Sub-Fund will not be leveraged, short sell or invest in derivatives.

Use of derivatives

The Sub-Fund will not use derivatives for any purposes.

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

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.

Concentration risk

The Sub-Fund's investments are concentrated in the mainland China and Hong Kong markets (or in either of those markets). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may also be more susceptible to

adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the mainland China and/or Hong Kong markets.

Risks associated with dynamic asset allocation of the equity investment portion

Investors should note that the Sub-Fund's allocation between shares in the mainland China and the Hong Kong markets may change significantly from time to time. This may result in the Sub-Fund's investment portfolio becoming more concentrated on either the mainland China or Hong Kong markets from time to time. This may impact the Sub-Fund's risk profile as the two markets involve different risks, and may result in adverse impacts on investors. As the Sub-Fund's investments may be periodically rebalanced, the Sub-Fund may also incur greater transaction costs than a fund with static allocation strategy.

Such dynamic asset allocation of the Sub-Fund's equity investments may not achieve the desired results under all circumstances and market conditions.

Performance fee risk

Performance fees may encourage the manager of the Sub-Fund to make riskier investments than would be the case in the absence of a performance-based incentive system.

Given there is no equalisation arrangement for the calculation of the performance fee, a redeeming investor may still incur a performance fee in respect of his investments, even though he has suffered a loss of investment capital.

In addition, performance fees may be paid on unrealised gains which may never be realised by the Sub-Fund.

Currency risk

Underlying investments of the Sub-Fund may be denominated, or may from time to time be predominantly denominated, in currencies (including RMB) other than the Base Currency of the Sub-Fund (i.e. USD). 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.

Risks applicable to both mainland China and Hong Kong markets

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.

Risk associated with small-capitalisation / mid-capitalisation companies

The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Volatility risk

High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.

Risks specific to the mainland China market

Emerging market risk

The Sub-Fund invests in mainland China being an emerging market 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.

Risks associated with Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

The relevant rules and regulations on Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are subject to change which may have potential retrospective effect. The Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect are subject to quota limitations. Where a suspension in the trading through the programmes is effected, the Sub-Fund's ability to invest in China A-shares or access the PRC market through the programmes will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

When investing in eligible China A-shares through the Shenzhen-Hong Kong Stock Connect, the Fund will also be subject to the risks associated with the Small and Medium Enterprise Board of the Shenzhen Stock Exchange ("SZSE") and/or ChiNext Board of the SZSE.

Risk associated with exchange policies of the equity market in mainland China

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.

RMB currency risk

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 or USD) 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 may be delayed due to exchange controls and restrictions applicable to RMB.

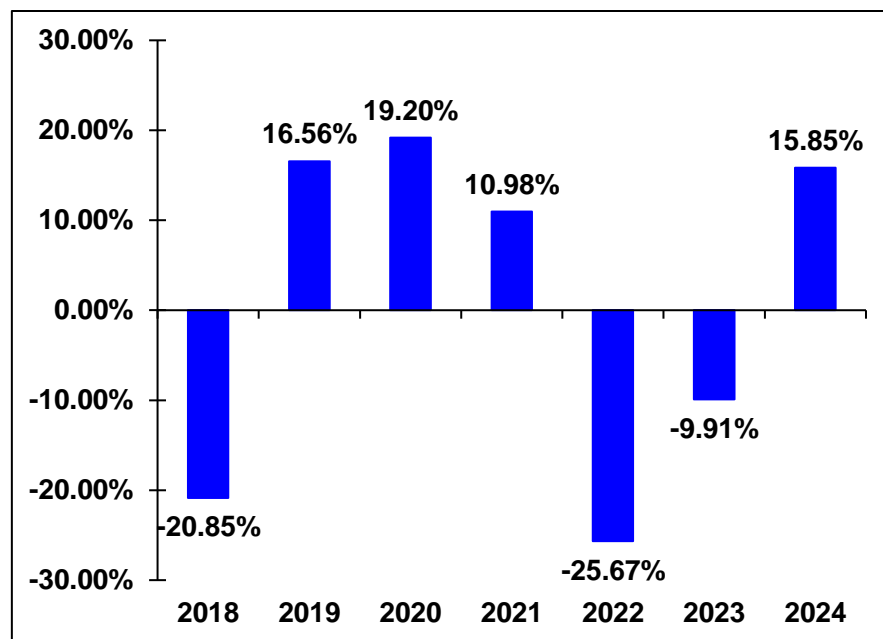
Early termination risk

The capped ongoing charges may not be successful in seeking to ensure that the Sub-Fund can operate in an economically viable manner.

In the event that the Manager considers that it is impracticable or inadvisable to continue the Sub-Fund or from the Manager's perspective it is no longer feasible to maintain a capped ongoing charges figure for the continual operation of the Sub-Fund, the Sub-Fund may be terminated by the Manager in accordance with the provisions of the Sub-Fund's constitutive documents.

There is no guarantee that investors in the Sub-Fund may recoup their capital under such circumstances.

How has the Sub-Fund performed?



- 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 (if any) reinvested.
- These figures show by how much the Class A Units, being the only class of units of the Sub-Fund currently offered to investors, increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available that year to provide performance.
- Launch date of Sub-Fund: 2 January 2018

- Launch date of Class A Units: 2 January 2018

Is there any guarantee?

The Sub-Fund does not provide 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

Nil

Switching fee[^]
(% of switching out amount)

5% for switching out of Units held for 1 year or less;
Nil for switching out of Units held for more than 1 year

Redemption fee
(% of redemption amount)

5% for Units held for 1 year or less; Nil for Units held for more than 1 year

[^]For the avoidance of doubt, the switching fee will be charged for switching between classes of the Sub-Fund and switching between sub-funds of the *i* Capital Master Fund that are authorised by the SFC (if any).

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 (as a % of the Sub-Fund's Net Asset Value)

Management fee

1.5% (150 basis points)**

Trustee fee

Up to 0.15% (15 basis points)**; subject to a minimum monthly fee of USD5,000

Custodian fee

Up to 0.0275% (2.75 basis points)

Performance fee

10% (1000 basis points) of the outperformance of the Net Asset Value per Unit during a performance period over the High Water Mark.

Outperformance means the amount by which the increase in Net Asset Value per Unit during the relevant performance period exceeds the High Water Mark.

High Water Mark is the higher of (i) the initial subscription price and (ii) the Net Asset Value per Unit as at the end of the performance period in

respect of which a performance fee was last paid. Where a performance fee is payable for a performance period, the Net Asset Value per Unit on the last Valuation Day of that performance period will be set as the High Water Mark for the next performance period.

Performance fee accrues on each Valuation Day if the Net Asset Value per value exceeds the High Water Mark. On each Valuation Day, the performance fee accrual made (if any) on the previous Valuation Day will be reversed and a new performance fee accrual will be calculated. If the Net Asset Value per Unit is lower than or equal to the High Water Mark, any performance fee accrual will be reversed and no performance fee will be accrued.

For details and illustrative examples of the performance fee calculation, please refer to "Performance Fee" in Appendix 1 of the Explanatory Memorandum.

** The fees and charges may also be increased up to the maximum level as specified in the Explanatory Memorandum by giving at least one month's prior notice to investors. Please refer to the Explanatory Memorandum for further details.

Other fees

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

Additional Information

- The Sub-Fund offers weekly dealing with its dealing day for subscriptions and redemption of Units being the last Hong Kong business day of every week. Please refer to the Explanatory Memorandum for further details.
- You generally buy and redeem Units at the Sub-Fund's next-determined Net Asset Value (NAV) after the Manager or an authorised distributor receives your request in good order on or before 3:00pm (Hong Kong time), being the dealing cut-off time, on the relevant dealing day. Authorised distributors may impose different dealing deadlines for receiving requests from investors.
- The Net Asset Value of the Sub-Fund is calculated on every dealing/valuation day. The price of Units will be published the next business day after the dealing/valuation day on the Manager's website www.capitaldynamics.hk (this 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.