

## PRODUCT KEY FACTS

### China Universal International Series – CUAM Stable Income Fund

July 2025

CHINA UNIVERSAL ASSET MANAGEMENT (HONG KONG) COMPANY LIMITED

- *This statement provides you with key information about CUAM Stable Income Fund (the “Sub-Fund”).*
- *This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of China Universal International Series.*
- *You should not invest in this product based on this statement alone.*

#### Quick facts

<b>Manager:</b>	China Universal Asset Management (Hong Kong) Company Limited
<b>Trustee:</b>	BOCI-Prudential Trustee Limited
<b>Custodian:</b>	Bank of China (Hong Kong) Limited
<b>Ongoing charges over a year#:</b>	Class A USD Units - 0.91% Class A HKD Units - 0.91% Class A RMB Units - 0.91% Class I USD Units - 0.66% Class I HKD Units - 0.66% Class I RMB Units - 0.66%
<b>Dealing frequency:</b>	Monthly (20 <sup>th</sup> calendar day of each month, or the immediately following Business Day <sup>1</sup> , if such date is not a Business Day)
<b>Base currency:</b>	USD
<b>Dividend policy:</b>	Currently on a monthly basis, subject to the Manager’s discretion. Distributions may be paid out of capital or effectively paid out of capital, which will result in an immediate reduction of net asset value per unit.
<b>Financial year end of the Sub-Fund:</b>	31 December

<sup>1</sup> “Business Day” means a day (other than a Saturday or Sunday) on which the SEHK is open for trading in Hong Kong or such other day or days as the Manager and the Trustee may agree from time to time.

**Minimum investment:** Class A USD Units - USD 1 initial, USD 1 additional  
Class A HKD Units - HKD 1 initial, HKD 1 additional  
Class A RMB Units - RMB 1 initial, RMB 1 additional  
Class I USD Units - USD 1,000 initial, USD 1,000 additional  
Class I HKD Units - HKD 10,000 initial, HKD 10,000 additional  
Class I RMB Units - RMB 10,000 initial, RMB 10,000 additional

**Minimum holding and minimum realisation:** Class A - Units with aggregate minimum value of USD 1, HKD 1 or RMB 1  
Class I - Units with aggregate minimum value of USD 1,000, HKD 10,000 or RMB 10,000

*# As the Sub-Fund is newly set up, these figures are estimates only. These figures are calculated based on the estimated ongoing expenses chargeable to the relevant unit class over a 12-month period expressed as a percentage of the relevant unit class's estimated average net asset value over the same period. These figures may vary from year to year. The actual figures may be different from the estimated figures.*

## **What is this product?**

- CUAM Stable Income Fund is a sub-fund of China Universal International Series which is a Hong Kong domiciled umbrella structure unit trust established by a trust deed dated 29 December 2011 (as amended and supplemented from time to time). It is governed by the laws of Hong Kong.

## **Objective and Investment Policy**

### **Objective**

The Sub-Fund seeks to provide investors with a stable return by primarily investing in a portfolio of debt securities instruments.

### **Policy**

The Sub-Fund will primarily invest at least 70% of its net asset value in investment grade debt securities instruments. The debt securities instruments in which the Sub-Fund may invest include (but not limited to) fixed or floating rate debt securities instruments, government or quasi-government bonds, corporate bonds, notes, bills, convertible bonds, contingent convertible bonds, subordinated debt, perpetual bonds, Dim Sum bonds, asset-backed debt securities, mortgage-backed securities, asset-backed commercial paper, certificate of deposits and commercial papers. The Sub-Fund's investment in asset-backed debt securities, mortgage-backed securities and asset-backed commercial papers will in aggregate be less than 30% of the Sub-Fund's net asset value.

“Investment grade” means a rating of BBB- or above from Standard & Poor's and Fitch, Baa3 or above from Moody's or an equivalent rating from any internationally recognized credit rating agency, or AA+ or above as rated by PRC local rating agencies. For split credit ratings, the higher rating shall apply. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the credit rating of the issuer or guarantor (where applicable) of the security. “Unrated debt securities” means a debt security which neither the security itself nor its issuer or guarantor (where applicable) has a credit rating. While the credit ratings provided by the relevant rating agencies serve as a point of reference, the Manager will conduct its own assessment on the credit quality based on various factors including the issuer's and/or the guarantor's (if applicable) financial leverage, interest coverage, operating cash flows, industry outlook and competitive position, as well as corporate governance.

The Sub-Fund may invest less than 30% of its net asset value in below investment grade or unrated debt securities instruments. 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 issuer (including its government, a public or local authority of that country) with a credit rating below investment grade or unrated.

The Sub-Fund is not subject to any limitation on the portion of its net asset value that may be invested in any one country or region, and the weight in one country may go up to 100% of the Sub-Fund's net asset value. The countries and regions in which the Sub-Fund may invest include, but are not limited to: US and European countries.

The Sub-Fund may invest up to 20% of its net asset value in onshore mainland China debt securities market (including urban investment bonds (城投债), i.e. debt instruments issued by local government financing vehicles ("LGFVs") in the PRC exchange-traded bond markets and inter-bank bond market). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects) (via the China Interbank Bond Market or using the QFI status of the Manager (as QFI holder) or such other means as may be permitted under applicable laws and regulations from time to time). The Sub-Fund will not focus its investment in any specific industries or sectors although the allocation in certain industry or sector may from time to time be relatively significant, depending on the Manager's assessment at different times.

The Sub-Fund may invest less than 30% of its net asset value in debt instruments with loss-absorption features (i.e. debt instruments issued by a holding company of a financial institution with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (i) when a financial institution is near or at the point of non-viability, or (ii) when the capital ratio of a financial institution falls to a specified level). These include contingent convertible bonds, non-preferred senior debt instruments and Additional Tier 1 and Tier 2 capital instruments. The Sub-Fund will dispose of the foregoing ordinary shares as soon as possible taking into account the market conditions at that time.

The Sub-Fund will not invest in equity securities. However, depending on the market conditions, there may be a possibility that the Manager will convert the invested convertible bonds to equities to realize the profits. In this case, the equities will be sold as soon as possible taking into account the market conditions at that time. The Sub-Fund's aggregate exposure to such equities will be less than 30% of the Sub-Fund's net asset value.

The Sub-Fund may invest less than 30% of its net asset value in other collective investment schemes which are authorized by the SFC or eligible schemes (except that not more than 10% of the Sub-Fund's net asset value may be invested in other collective investment schemes which are non-eligible schemes and not authorized by the SFC). The Sub-Fund will not invest in exchange-traded funds ("ETFs") and/or real estate investment trusts ("REITS").

The Sub-Fund may hold less than 30% of its net asset value in cash and cash equivalents, which may include cash, deposits and money market instruments for liquidity and cash management purposes. The Sub-Fund may hold temporarily up to 100% of its net asset value in cash or cash equivalents under exceptional circumstances, such as (i) market crash, or major crisis, (ii) attempts to mitigate the risk of potential sharp reversals and fall in the bond markets, (iii) attempts to mitigate downside risks during uncertainties or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund may employ financial derivative instruments (such as future, forward or swap agreement) for hedging, efficient portfolio management and/or investment purposes.

The Sub-Fund may invest up to 10% of its net asset value in repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Sub-Fund.

The Sub-Fund will not enter into securities lending or similar over-the-counter transactions in respect of the Sub-Fund.

### **Use of derivatives/investment in derivatives**

The Sub-Fund's net derivative exposure may be up to 50% of its net asset value.

### **What are the key risks?**

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

#### **1. Liquidity risks for monthly dealing fund**

- The Sub-Fund is a monthly dealing sub-fund. Investors subscribing for Units issued under the Sub-Fund can only apply for subscription and redemption once a month on the Dealing Day. Further, Units issued under the Sub-Fund cannot be switched into Units of other Sub-Funds established under the Fund. As such, Units of the Sub-Fund would have lower liquidity when compared to the Units issued by other daily dealing Sub-Funds established under the Fund.
- Due to the Sub-Fund's monthly dealing arrangement, subscription and redemption applications for Units issued under the Sub-Fund can be more concentrated on the single Dealing Day in each month. Where redemption applications are concentrated on the Dealing Day, it may cause the Sub-Fund's redemption gate to be triggered more easily on the Dealing Day. The Manager will consider different factors including but not limited to the Sub-Fund's liquidity profile when deciding whether to exercise its powers to impose a redemption gate on any Dealing Day if the number of Units being realised on the Dealing Day for the Sub-Fund has exceeded 10% of the total number of Units of the Sub-Fund in issue.

#### **2. Investment risk**

- The instruments invested by the Sub-Fund 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 dividend or distribution payments during the period an investor holds units in the Sub-Fund. There is no guarantee of the repayment of principal.

#### **3. Risks relating to debt securities**

##### *Risk of investing in asset-backed securities, mortgage-backed securities and asset-backed commercial papers*

- The Sub-Fund may invest less than 30% in asset-backed securities, mortgage-backed securities and asset-backed commercial papers which may be highly illiquid and prone to substantial price volatility. The liquidity, credit and interest rate risks of these instruments can be higher than a regular bond or debt instrument. They are often exposed to extension and prepayment risk and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

#### Interest rates risk

- Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

#### Credit risk of issuers/guarantors or counterparties

- The Sub-Fund is exposed to the credit/insolvency/default risk of issuers/guarantors of the debt securities it invests in.

#### Risks relating to credit rating

- Credit ratings assigned by a rating agency are subject to limitations and are not absolute standards of credit quality and do not evaluate market risks and do not guarantee the creditworthiness of the security and/or issuer/guarantor at all times.

#### Downgrading risk

- Investment grade and non-investment grade securities or the credit rating of the issuer/guarantor may be subject to the risk of being downgraded to below investment grade or unrated. 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.

#### Below investment grade and unrated securities risk

- The Sub-Fund may invest less than 30% in securities which are below investment grade or which are unrated. Such securities would generally be considered to have a higher degree of counterparty risk, credit risk, volatility risk, liquidity risk and greater risk of loss of principal and interest than higher rated, lower yielding securities.

#### Sovereign 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 issuers may not be able or willing to repay the principal and/or 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 debt issuers.

#### Liquidity and volatility risk

- Some of the debt securities in which a Sub-Fund invests may be illiquid and more volatile, and may be difficult or impossible to sell. The prices of securities traded in emerging 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.

#### Valuation risk

- Valuation of the Sub-Fund's investment 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.

#### **4. Concentration risk**

- The Sub-Fund may invest only in a specific country/region. The value of the Sub-Fund is likely to be more volatile than that of a broad-based fund as they are more susceptible to fluctuations in value resulting from adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the respective countries/regions.

#### **5. Emerging market risk**

- The Sub-Fund may invest 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.

#### **6. Risk relating to convertible bonds**

- This Sub-Fund may invest up to 100% in convertible bonds, which shares similar characteristics and nature of debt and equity, permitting holders to convert into shares in the company issuing the bond at a specific future date. Convertible bonds will be exposed to equity movement and greater volatility than straight bond investments. Investment in convertible bonds are subject to the same credit, interest rate, liquidity and prepayment risks associated with comparable straight bond investments and market risks with both debt securities and equity securities and any risk specific to convertible bonds.

#### **7. Risk associated with investment in instruments with non-viability/loss absorption convertible features**

- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Trigger levels differ and determine exposure to conversion risk. They are complex, and it might be difficult for the Manager to anticipate the triggering events that would require the conversion. These instruments may be converted into shares potentially at a discounted price and the principal amount invested may be lost. In case of conversion, the Manager might be forced to sell these new equity shares and such forced sale may result in the Sub-Fund experiencing losses.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to coupon cancellation, liquidity, valuation and sector concentration risk, etc.
- The Sub-Fund may invest in contingent convertible debt securities, which are highly complex and are of high risk. Upon the occurrence of the trigger event, contingent convertible debt securities may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on contingent convertible debt securities are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

- The Sub-Fund may invest in non-preferred senior debt securities. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

#### **8. Risk associated with distributions out of/effectively out of capital**

- Payment of distributions out of the Sub-Fund's capital and/or effectively out of the Sub-Fund's 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. Any such distributions will result in an immediate reduction of the net asset value per unit.

#### **9. Risk of using financial derivative instruments**

- The use of financial derivative instruments may expose the Sub-Fund to risks including market volatility risk, credit risk, counterparty risk, liquidity risk, non-redeemable risk and issuer's defaults risk. In adverse situation, the use of financial derivative instruments for hedging purposes may become ineffective and the Sub-Fund may suffer significant losses.

#### **10. Currency and conversion risks**

- The Sub-Fund may invest in part in assets quoted in currencies other than its base currency. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The performance and the net asset value of the Sub-Fund will therefore be affected unfavourably by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Fund and by changes in exchange rate controls.
- 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.

#### **How has the Sub-Fund performed?**

As the Sub-Fund is newly established, there is insufficient data to provide a useful indication of past performance to investors.

#### **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.

<b><u>Fee</u></b>	<b><u>What you pay</u></b>	
	<i><u>Class A</u></i>	<i><u>Class I</u></i>
Subscription fee (Preliminary Charge) (% of the Issue Price)	Up to 5%	Up to 5%
Redemption fee (Realisation Charge) (% of the Realisation Price)	Nil	Nil
Switching fee (Conversion Charge) <sup>2</sup> (% of the Issue Price of the units of the new sub-fund)	N/A	N/A

### **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	Up to 3% p.a., Class A's current rate being 0.75% p.a.* Class I's current rate being 0.50% p.a.*
Trustee Fee	Class A & Class I: Currently up to 0.10% p.a.*, subject to a minimum monthly fee of USD 5,000
Custody Fee	Up to 0.10% p.a.
Performance Fee	Not applicable

### **Other fees**

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

*\* The current annual rate may be increased up to the specified permitted maximum level as set out in the Explanatory Memorandum by giving not less than one month's prior notice to the investors.*

<sup>2</sup> For the avoidance of doubt, Units of the Sub-Fund may not be converted into units of any other sub-funds of China Universal International Series and units of a particular Class may not be converted to Units of other Classes.

### **Additional Information**

- **Currently Class A units & Class I units of the Sub-Fund are available for subscription.**
- The Sub-Fund offers monthly dealing of Units on the 20<sup>th</sup> calendar day of each month, or the immediately following Business Day, if such date is not a Business Day. You generally buy and realise units at the Sub-Fund's next-determined net asset value (NAV) after the authorised distributor or the Manager has received your request in good order on or before 4:00 p.m. (Hong Kong time) on the relevant Dealing Day. The authorised distributors may impose different dealing deadlines for receiving instructions for subscriptions or realisation. Investor should pay attention to the arrangements of the authorised distributor concerned.
- The net asset value of this Sub-Fund is calculated on each Business Day, and the price of units is published on each Business Day. The net asset value per unit of the Sub-Fund at each Dealing Day will be published on a daily basis in the Manager's website at [www.99fund.com.hk](http://www.99fund.com.hk).
- Compositions of the distributions (if any) (i.e. the relative amounts/percentages paid out of (i) net distributable income; and (ii) capital) for the last 12 months are available by the Manager on request and also in the Manager's website at [www.99fund.com.hk](http://www.99fund.com.hk).
- Please note that 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.