PRODUCT KEY FACTS

China Life Franklin Global Fund –
Select High Yield Bond Fund

April 2023

This statement provides you with key information about Select High Yield Bond Fund (the "**Sub-Fund**"). This statement is a part of the offering document and must be read in conjunction with the Prospectus of China Life Franklin Global Fund. You should not invest in this product based on this statement alone.

Quick facts	
Manager:	China Life Franklin Asset Management Co., Limited
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Ongoing charges[#]:	Class A (USD) – ACC: 1.66% Class A (USD) – DIS: 1.66% Class A (HKD) – ACC: 1.66% Class A (HKD) – DIS: 1.66% Class A (RMB) – ACC: 1.66% Class A (RMB) – DIS: 1.66%
Dealing frequency:	Daily (Hong Kong business day, except for Saturday and Sunday)
Base currency:	USD
Distribution policy:	Accumulation (ACC) Classes: No dividends will be declared or paid. Distribution (DIS) Classes: <u>From the first to the third calendar month after the launch of the relevant Class</u>: The Manager does not intend to make any distribution[1], and the income earned will be reinvested in the Sub-Fund and reflected in the increased value of Unit of the Sub-Fund. <u>Commencing the fourth calendar month from the launch of the relevant Class</u>: Monthly distribution, if any, will be paid at the discretion of the Manager. The distribution will be made in the form of cash payment in the currency of the respective class of Units of the Sub-Fund. The Manager may at its discretion pay dividend out of the capital of the Sub-Fund. The Manager may also, at its discretion, pay dividend out of gross income while charging all or part of the Sub-Fund's fees and expenses to the capital of the Sub-Fund, resulting in an increase

[1] Income and capital gains for the Sub-Fund will be retained or re-invested at the initial stage, such that the assets under management can grow to a more solid size to support the cash flow for more sustainable future dividend payouts. Please note that any dividend distribution is subject to the Manager's discretion.

	in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Such distribution may result in an immediate decrease in the net asset value per unit of the relevant Class.
Financial year end of the Fund:	31 December
Minimum investment:	Class A (USD) – ACC, Class A (USD) – DIS: USD100^ initial, USD100^ subsequent Class A (HKD) – ACC, Class A (HKD) – DIS: HKD1,000^ initial, HKD1,000^ subsequent Class A (RMB) – ACC, Class A (RMB) – DIS: RMB1,000^ initial, RMB1,000^ subsequent
Minimum holding:	Class A (USD) – ACC, Class A (USD) – DIS: USD100^ Class A (HKD) – ACC, Class A (HKD) – DIS: HKD1,000^ Class A (RMB) – ACC, Class A (RMB)) – DIS: RMB1,000^
Minimum redemption amount:	Class A (USD) – ACC, Class A (USD) – DIS: USD100^ Class A (HKD) – ACC, Class A (HKD) – DIS: HKD1,000^ Class A (RMB) – ACC, Class A (RMB) – DIS: RMB1,000^

This figure is an estimate only as the class of Units is not yet launched and represents the sum of the estimated ongoing expenses for a 12-month period chargeable to the class of Units expressed as a percentage of the class of Units' estimated average net asset value over the same period. The actual figure may be different from the estimate and may vary from year to year.

^ Or such other amount prescribed by the Manager from time to time, subject to (where applicable) the prior approval of the SFC and/or on giving not less than one month's prior notice.

What is this product?

Select High Yield Bond Fund is a sub-fund of China Life Franklin Global Fund which is an umbrella unit trust established by a trust deed dated 5 October 2020. It is governed by the laws of Hong Kong.

Investment Objective and Policy

The Sub-Fund aims to provide a high level of income and capital appreciation over the medium to long term by investing primarily in a portfolio of global fixed income securities (in particular, high yield bonds (i.e. below investment grade and unrated bonds)). The Sub-Fund may invest in assets denominated in currencies other than its base currency (i.e. USD).

Debt securities (or the issuers of such debt securities) that the Sub-Fund seeks to invest in are across all durations/ratings. The Sub-Fund seeks to invest primarily (i.e. at least 70% of its Net Asset Value) directly in below investment grade corporate debt securities (rated below Moody's "Baa3" or below Standard & Poor's "BBB-" or equivalent rating by other internationally recognised rating agencies, or rated AA or below by a Mainland credit rating agency). While these 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 leverage level, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, competitive position in the market and corporate governance. The Sub-Fund may also invest in unrated debt securities, for which the aggregate exposure in below investment grade and unrated debt securities may be up to 100% of its Net Asset Value. The Sub-Fund may also invest in investment grade debt securities. For this purpose, if the relevant security does not itself have a credit rating, then reference can be made to the debt class rating of the issuer of the security. If both the security and the relevant issuer are not rated, then the security will be classified as unrated. Debt securities in which the Sub-Fund may primarily invest shall also include, but are not limited to, convertible bonds (up to 20% limit) and traditional debt securities, and fixed and floating rate bonds. The Sub-Fund will invest up to 30% of its Net Asset Value, in aggregate, in debt securities issued and/or guaranteed by sovereign issuers (including its government, public or local authority) which is below investment grade. For the avoidance of doubt, the Sub-Fund will not invest more than 10% of its Net Asset Value in debt securities issued and/or guaranteed by a single sovereign issuer which is below investment grade. Furthermore, the Sub-Fund may invest: - up to 30% of its Net Asset Value in collective investment schemes or portfolios managed by the Manager or external asset managers, including exchange traded funds ("ETF") (including synthetic ETFs (i.e. ETFs that track an index by investing primarily in derivative instruments); and - less than 30% of its Net Asset Value directly in onshore China fixed income securities through the QI regime, the China Interbank Bond Market direct access scheme, the Bond Connect and/ or through any permissible means available to the Sub-Fund under prevailing laws and regulations. The Sub-Fund may also have indirect exposures (less than 30% of its Net Asset Value) through financial derivative instruments that invest in or are linked to the performance of onshore China fixed income securities, e.g. via total return swaps. The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss absorption features ("LAP") (e.g. contingent convertible bonds issued by financial institutions, senior non-preferred debt and certain Additional Tier 1 and Tier 2 capital instruments[2] under the Banking (Capital) Rules (Cap. 155L). LAP is intended to capture debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (a) when a financial institution is near or at the point of non-viability or (b) when the capital ratio of a financial institution falls to meet a specified level. There is no restriction as to geographical allocation, sector and market capitalisation of issuers. Notwithstanding the above, depending on market circumstances, the Sub-Fund's investments may be concentrated in the Greater China region i.e. Mainland China, Hong Kong, Taiwan and Macau. Issuers of securities may be located in any country, and within the main asset classes described above, the Sub-Fund may invest up to 100% of its Net Asset Value in emerging markets. The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes. The Manager will not engage in any securities financing transactions on behalf of the Sub-Fund.
Use of derivatives The Sub-Fund's net derivative exposure may be up to 50 per cent. of the Sub-Fund's net asset value**.**

[2] Tier 2 capital instruments also refer to debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions.

What are the key risks?

Investment involves risks. Please refer to the Prospectus 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.

Risk associated with debt securities rated below investment grade or unrated
The Sub-Fund may invest in debt securities rated below investment grade (in the case where the credit rating is designated/assigned by an internationally recognised credit agency) or rated AA or below by a Mainland credit rating agency (in the case the credit rating is designated/assigned by a Mainland China 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. Adverse events or market conditions may have a larger negative impact on the prices of below investment grade or unrated debt securities.

Risks relating to debt securities

Credit 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 emerging countries 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.

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.

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 NAV 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.

Mainland China credit rating agency risk
The credit appraisal system in the Mainland China and the rating methodologies employed in the Mainland China may be different from those employed in other markets. Credit ratings given by Mainland Chinese rating agencies may therefore not be directly comparable with those given by other international rating agencies.

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 NAV 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 markets 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 may be concentrated in the Greater China 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 Greater China region.

Risks of investing in other collective investment schemes
The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

Risks associated with investments in debt instruments with loss-absorption features (LAP)
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 a 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. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

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 liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos 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 CoCos 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 senior non-preferred debts. 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.

Risks associated with distribution out of/effectively out of the capital
Payment of dividends out of capital and/or effectively 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.

Past Performance of the Sub-Fund

As the classes of Units are not yet launched, there is insufficient data to provide a useful indication of past performance to investors.

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the amount of money you invest.

What are the fees and charges?

You will be given not less than one month's prior written notice should there be any increase of the following fees and charges up to a specified permitted maximum level as set out in the Prospectus.

Charge 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 charge^	Class A: Up to 5% of subscription amount
Switching charge^	Class A: Nil
Redemption charge^	Class A: Nil

^ Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing mechanism) when they subscribe, redeem or switch Units of the Sub-Fund. For details, please refer to "**Adjustment of Prices**" under the section headed "**Valuation and Suspension**" in the main part of the Prospectus.

On-going 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 relevant class of Units' net asset value)
Management Fee	Class A: 1% per annum; Up to maximum of 3% per annum
Trustee Fee	Class A: Up to 0.5% per annum (subject to a monthly minimum fee to USD5,000)
Custodian Fee	Class A: Up to 0.05% per annum
Performance Fee	Nil

Other fees

You may have to pay other fees and charges when dealing in the Sub-Fund.

Additional information

You generally subscribe and redeem units of the Sub-Fund at the net asset value per unit of the Sub-Fund calculated as at the relevant valuation day after the Transfer Agent has received your request in good order by 4:00 p.m. (Hong Kong time) on such valuation day. However, different distributors may have different dealing cut-off times.

The net asset value of the Sub-Fund is calculated and the price of units published each business day. They are available online at http://www.clamc.com.hk (the contents of which have not been reviewed by the SFC).

The compositions of the 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 http://www.clamc.com.hk (the contents of which have not been reviewed by the SFC).

You may obtain the past performance information of other classes of Units offered to Hong Kong investors at http://www.clamc.com.hk where available (the contents of which have not been reviewed by the SFC).

Important

If you are in doubt about the contents of this statement, you should seek independent professional financial advice.

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