

## PRODUCT KEY FACTS

### China Life Franklin Global Fund – Short Term Bond Fund

February 2025



This statement provides you with key information about Short Term 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.	
<b>Quick facts</b>	
<b>Manager:</b>	China Life Franklin Asset Management Co., Limited
<b>Trustee:</b>	BOCI-Prudential Trustee Limited
<b>Custodian:</b>	Bank of China (Hong Kong) Limited
<b>Ongoing charges:</b>	Class A (USD) <sup>#</sup> : 0.57% Class A (HKD) <sup>#</sup> : 0.59% Class A (RMB) <sup>##</sup> : 0.59% Class A2 (USD) <sup>#</sup> –1.01% Class A2 (HKD) <sup>#</sup> –1.01% Class A2 (RMB) <sup>##</sup> –1.01%
<b>Dealing frequency:</b>	Daily (Hong Kong business day, except for Saturday and Sunday)
<b>Base currency:</b>	USD
<b>Distribution policy:</b>	Currently the Manager does not intend to make any distribution, and the income earned will be reinvested in the Sub-Fund and reflected in the increased value of unit of the Sub-Fund. No distribution will be paid out of the capital of the Sub-Fund or effectively out of the capital of the Sub-Fund. The Manager, however, may make a distribution at any time in the future if the Manager considers it to be appropriate, subject to the prior approval of the SFC (if required) and by giving not less than one month’s prior notice to affected Unitholders.
<b>Financial year end of the Fund:</b>	31 December
<b>Minimum investment:</b>	Class A (USD): USD100 <sup>^</sup> initial, USD100 <sup>^</sup> subsequent Class A (HKD): HKD1,000 <sup>^</sup> initial, HKD1,000 <sup>^</sup> subsequent Class A (RMB): RMB1,000 <sup>^</sup> initial, RMB1,000 <sup>^</sup> subsequent Class A2 (USD) – USD 100 <sup>^</sup> initial, USD 100 <sup>^</sup> subsequent Class A2 (HKD) – HKD 1,000 <sup>^</sup> initial, HKD 1,000 <sup>^</sup> subsequent Class A2 (RMB) – RMB 1,000 <sup>^</sup> initial, RMB 1,000 <sup>^</sup> subsequent
<b>Minimum holding:</b>	Class A (USD): USD100 <sup>^</sup> Class A (HKD): HKD1,000 <sup>^</sup> Class A (RMB): RMB1,000 <sup>^</sup> Class A2 (USD) : USD 100

<b>Minimum redemption amount:</b>	Class A2 (HKD): HKD1,000^ Class A2 (RMB): RMB1,000^  Class A (USD): USD100^ Class A (HKD): HKD1,000^ Class A (RMB): RMB1,000^ Class A2 (USD): USD100 Class A2 (HKD): HKD1,000 Class A2 (RMB) : RMB 1,000
<p>#The ongoing charges figures represent the ongoing expenses chargeable to each class of Units for a 12-month period ended 31 December 2024 as a percentage of the average net asset value of the relevant class of Units over the same period. It includes all aspects of operating the Fund, including the fees to be paid for investment management and administration. The figures may vary from year to year. The Manager will monitor the ongoing charges figures and, if necessary, update the figures in accordance with the relevant SFC guidance.</p> <p>##This figure is an estimate only as the class of Units is not yet launched. It is estimated based on the ongoing charges figure of another active Unit class of the Sub-Fund with a similar fee structure calculated based on expenses of the active Unit class for the 12-month period ended 31 December 2024. The actual figure may be different from the estimate and may vary from year to year.</p> <p>^ 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.</p>	
<p><b>What is this product?</b></p> <p>Short Term 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.</p>	
<p><b>Investment Objective and Policy</b></p> <p>The Sub-Fund seeks to achieve a return in excess of U.S. money markets by investing primarily in USD-denominated short-term debt securities.</p> <p>The Sub-Fund aims to achieve its investment objective by investing at least 70% of its net asset value in USD-denominated fixed income securities including but not limited to U.S. Treasury securities (including bills), bonds, notes, money market instruments, fixed or floating rate securities issued by governments (including local governments), quasi-government, government agencies, supra-nationals, banks or companies, certificates of deposit, deposits with credit institutions, etc. The weighted average duration of the Sub-Fund's investments is expected not to exceed 2 years. In the event that the weighted average duration of the Sub-Fund exceeds 2 years, the Manager shall take appropriate actions as soon as reasonably practicable to ensure that the weighted average duration will be reduced to below 2 years within a reasonable period of time. The Sub-Fund will only invest in investment grade fixed income securities at the time of purchase. Investment grade means bearing a credit rating of BBB- and/or Baa3 or equivalent and above from any one of the following internationally recognised credit rating agencies: Standard &amp; Poor's, Moody's or Fitch. In case any such securities are being downgraded to non-investment grade or the credit rating is removed, the Sub-Fund will liquidate such positions within a reasonable period of time, taking due account of the interests of the Unitholders.</p> <p>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 the guarantor of the security. If both the security and the relevant entity are not rated, then the security will be classified as unrated. The Sub-Fund will not invest in non-investment grade or unrated securities.</p> <p>For the avoidance of doubt, in the event the ratings differ between Standard &amp; Poor's, Moody's or Fitch, the highest rating will be used as the reference rating.</p> <p>There is no restriction as to geographical allocation, sector and market capitalisation of issuers.</p> <p>Within the main asset classes described above, the Sub-Fund may invest up to 100% of its net asset value in emerging markets.</p> <p>The Sub-Fund may hold up to 30% of its net asset value in non-USD denominated deposits or securities.</p> <p>Furthermore, the Sub-Fund may invest:</p>	

- up to 25% of its net asset value in “Dim Sum” bonds (i.e. bonds issued outside of Mainland China but denominated in RMB);
- up to 25% of its net asset value in collateralized and/or securitized products (such as asset backed securities or mortgage backed securities);
- 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);
- below 30% of its net asset value in debt instruments with loss absorption features (“LAP”), such as contingent convertible bonds issued by financial institutions, Additional Tier 1 and Tier 2 capital instruments<sup>1</sup>, subordinated debts, senior non-preferred debt, and senior debt issued by a holding company; 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; and
- up to 25% of its net asset value in urban investment bonds (城投債), which are debt instruments issued by Mainland local government financing vehicles (“LGFVs”). These LGFVs are separate legal entities established by local governments and / or their affiliates to raise financing for public welfare investment or infrastructure projects.

Investment in fixed income securities issued within Mainland China will be up to 20% of the Sub-Fund’s net asset value, through any available means, including Qualified Investors, RQFII funds, China Interbank Bond Market (CIBM) access or Bond Connect, etc.

The Sub-Fund will not invest in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade.

The Sub-Fund may acquire financial derivative instruments for hedging purposes only. The Manager may, on behalf of the Sub-Fund, enter into sale and repurchase transactions for up to 25% of the Sub-Fund’s net asset value on a temporary basis.

#### **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.

#### **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.

##### **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 investment is concentrated in Mainland China/ Hong Kong. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

<sup>1</sup> Tier 2 capital instruments also refer to debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions.

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 Mainland China/ Hong Kong market.

### **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 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 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.

### **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.

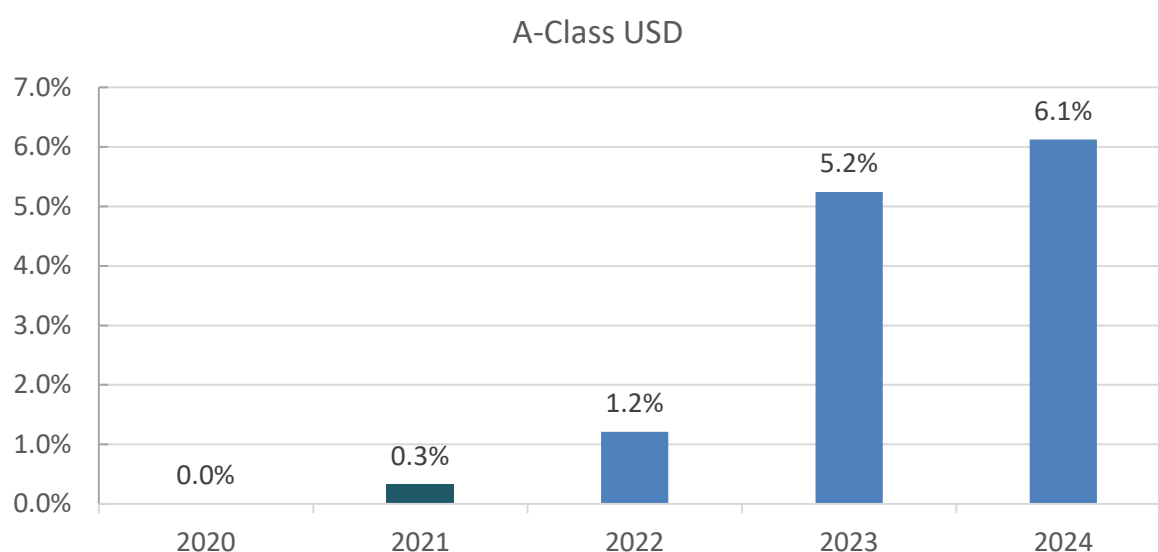
### **Risks associated with investments in debt instruments with loss-absorption features (LAP)**

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 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 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.

### Past Performance of the Sub-Fund



Past performance information is not indicative of future performance. Investor may not get back the full amount invested.

The computation basis of the performance is based on calendar year end, NAV-To-NAV, with dividend reinvested.

These figures show by how much Class A (USD) increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD taking into account charges and excluding subscription charge and redemption charge you might have to pay.

Where no past performance is shown, there was insufficient data available in that year to provide performance.

Fund launch date: 29 December 2020

Class A (USD) launch date: 29 March 2021

Class A (USD) is selected as representative class of Units as it is denominated in the Sub-Fund's base currency.

### 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

Subscription charge^

Switching charge^

Redemption charge^

##### What you pay

Class A & Class A2: Up to 3% of subscription amount

Class A & Class A2: Nil

Class A & Class A2: 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.

	<b>Annual rate (as a % of the relevant class of Units' net asset value)</b>
Management Fee	Class A: 0.4% per annum; Up to maximum of 1.2% per annum Class A2: 0.8% per annum; Up to maximum of 1.2% per annum
Trustee Fee	Class A & Class A2: Up to 0.5% per annum (subject to a monthly minimum fee to USD5,000)
Custodian Fee	Class A & Class A2: Up to 0.05% per annum
Performance Fee	Class A & Class A2: Not applicable

**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).

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.