

FOR PROFESSIONAL INVESTORS

June 2021



中國銀行

BANK OF CHINA

卢森堡

LUXEMBOURG



BOC (Europe) UCITS SICAV

- ❑ BOCHK RMB High Yield Bond Fund



1.

ABOUT US – BANK OF CHINA GROUP



Bank of China Group Overview – Financial Solidity at all levels

Total Assets (2020)	RMB 24.40 Trillion / USD 3.90 Trillion
Global Ranking	4 th Largest in the World in 2020 by total assets and 4 th in China 9 th largest in the world by market capitalization
Total Market Capitalisation Listing Venues	RMB 1.03 trillion (USD 164.8 billion) SSE (A-Share), HKEX (H-Share)
Headquarter	Beijing, China
Operating Income (2020)	RMB 567.6 billion USD 90.8 billion
ROA (2020) ROE (2020)	0.87 10.61
Tier 1 Capital Adequacy Ratio (2020)	13.19%, Avg EU: 15.2%
Capital Adequacy Ratio (2020)	16.22% / Avg. in China : 14.7%, Avg. Europe: 19.5%
Total branches, subsidiaries	Over 11,000 (44 in Asia, 24 in Europe, 17 in Americas, 3 in Africa)
Credit Rating	Aa3/A+/A (M/SP/F)
Employees	Over 300,000 (+/- 311K)



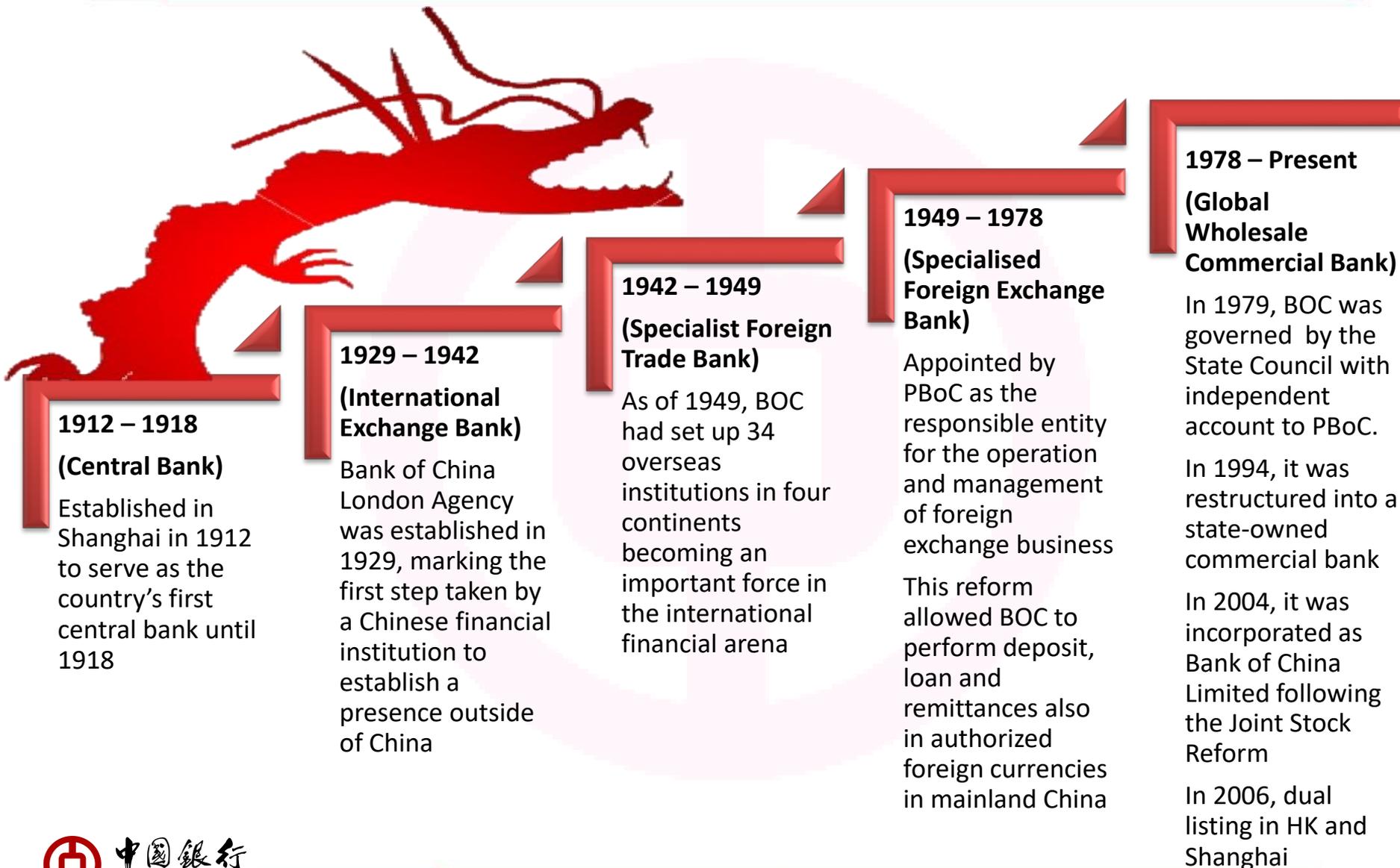
A powerful shareholding structure and a pioneer in its industry



- Established in 1912, Bank of China has a history of over 100 years and is the longest uninterrupted banking business in China
- The most internationalized and diversified bank from China, providing full range of financial services in 61 countries and regions, and operating over 11,000 branches.
- Bank of China has been a Global Systemically Important Bank (G-SIB) since 2011, becoming the first Chinese financial institution to be designated G-SIB continuously for the last 6 years.
- Leading Asian bank to promote the RMB internationalisation, ranking 1st for the Cross-border RMB clearing and settlement.
- First Chinese Financial Institution to list an offshore RMB bond in Europe (2014) and a Green Bond in Europe (2016)
- No. 1 in Asia Pacific for Global Syndication with a market share of 18%. 11th in the World and No.1 among Chinese banks in EMEA and the US.

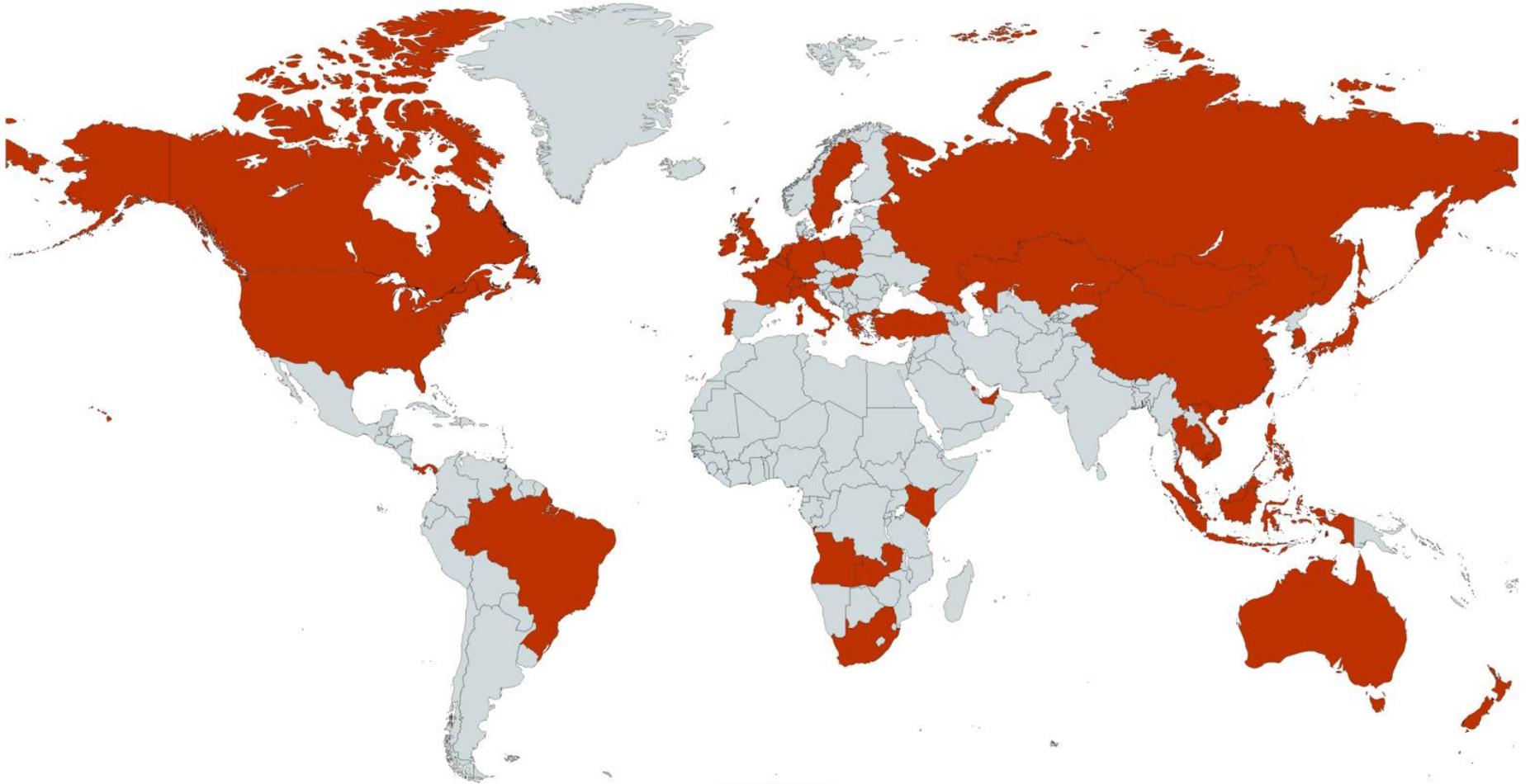


The oldest and most respected financial institution in China



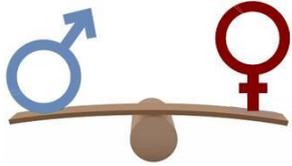


The most international financial group in China (branches and subsidiaries)





A CSR Compliant Bank looking towards the future (data for 2020)



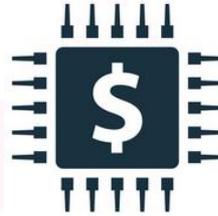
57% of BOC's employees in the world and 25% of the Board of Directors are female



Green Credits totaled RMB 896 billion (USD 143 bn), a YoY growth of 21.5% vs 2019



8% of the total work force represented by local employees at overseas institutions



Establishment of BOC Financial Technology Company and BOC 5G-driven Digital Lab in Shanghai and BOC Innovation Lab in Singapore



Small and Micro credits accounted for RMB 611.6 billion (USD 97 bn) an increase of 43% vs 2019



The "Journey of Financial Knowledge Popularization" launched 9,363 outdoor promotional activities involving 59,020 employees targeting general population and educational centres



Signatory of Belt and Road's Green and Sustainable Principles. BOC created its own sustainable development committee at its board of directors



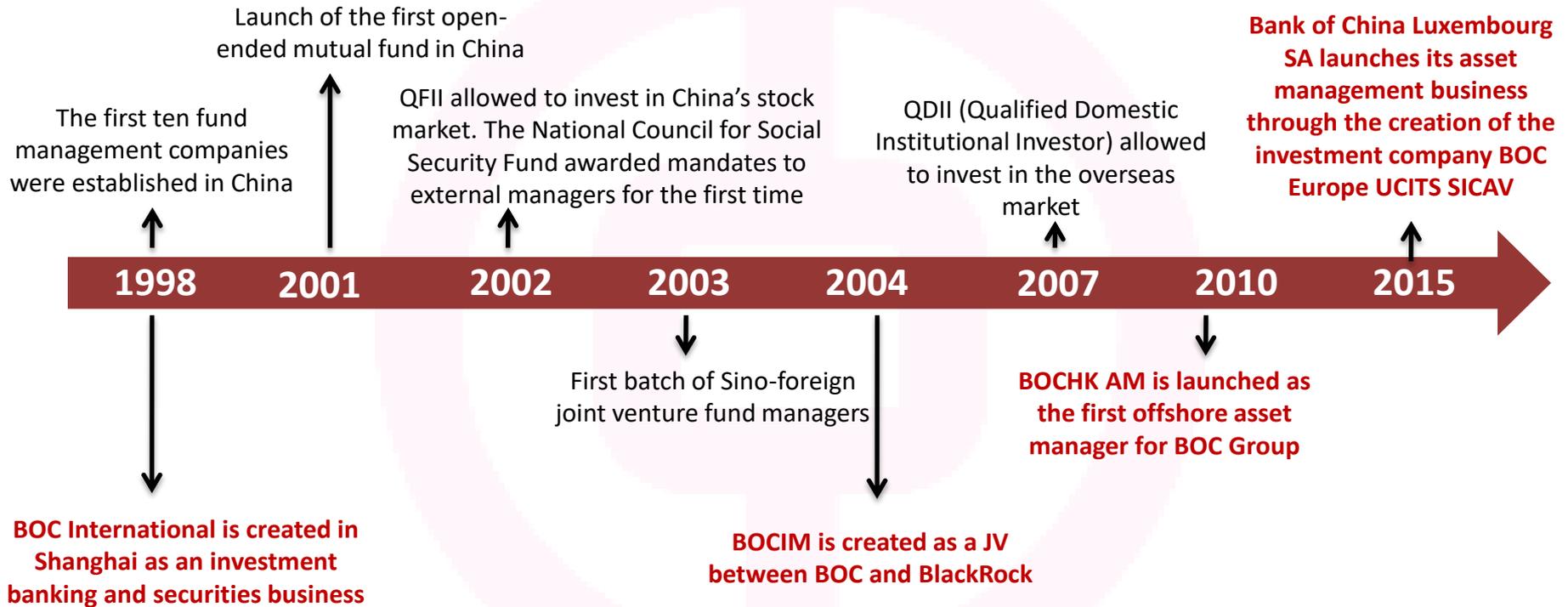
BOC underwrote green bonds worth RMB 14.5 bn (USD 2.32 bn) in the domestic market and RMB 37 bn (USD 6 bn) in the offshore bond market. In 2020, BOC Issued Asia's first ever Blue Bond in a dual currency issue worth RMB 3 billion and USD 500 million



1,400 new RMB clearing accounts were opened for overseas peers consolidating its global leadership with RMB 432 trillion clearings

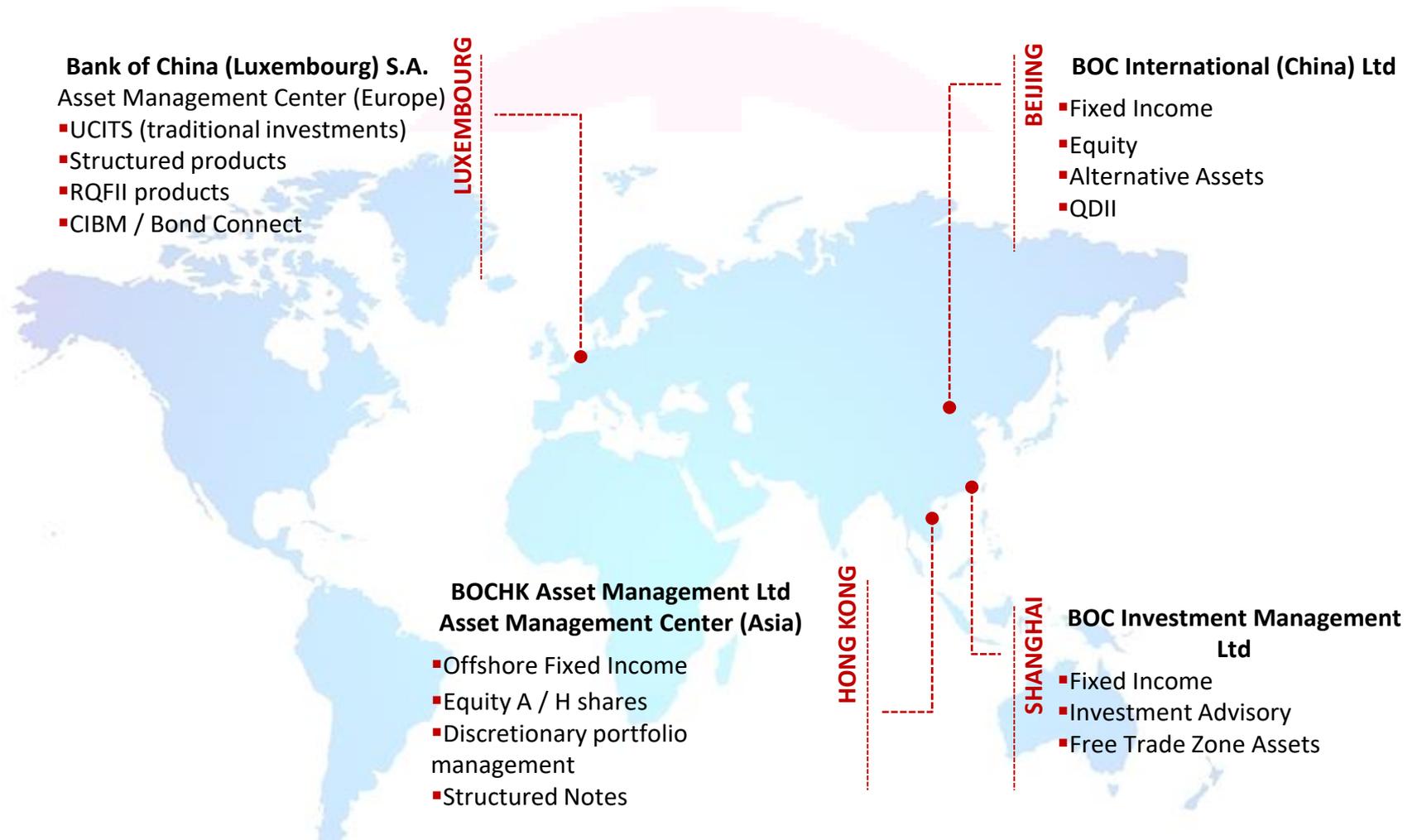


The early days of Asset Management in China and at BOC





BOC Global Asset Management Centres: A fast growing business





A large collection of awards in Asia and in the Emerging Markets



- 2020 – Best overall Chinese bank for Belt and Road Initiative by Asiamoney
- 2020 – First prize for technological development of banks by PBoC
- 2020 – Best National Private Bank in China by Asia Private Banker
- 2020 – BOCHK awarded Best Bank of Corporate Social Responsibility in HK
- 2020 – Awarded Green Deal of the Year in China by Asia Money
- 2020 – Best Panda Bond House Award, Best Securities Services Bank Award, Global Capital China
- 2019 – Best Panda Bond House Award, Finance Asia
- 2019 – Enterprise Risk Technology Implementation of the Year, The Asian Banker
- 2019 – Best Green Bond, Finance Asia
- 2018 & 2017 – Best Global Bond Advisor Award, The Asset
- 2017 & 2016 - Asian Green Bond issuer
- 2016 & 2013 & 2012 & 2011 – Best Trade Finance Bank in China, Trade Finance Magazine
- 2015 - Issuer of the Year, FinanceAsia



1.1

Bank of China Luxembourg S.A.

The European Hub – BOC EUROPE UCITS SICAV



The European Asset Management Platform of Bank of China Group

Bank of China Limited, Luxembourg Branch

The first international expansion of BOC under the PRC Government. 42 years in Luxembourg through Bank of China Branch (1979)

Bank of China (Luxembourg) S.A.

Bank of China (Luxembourg) S.A. is the first Chinese banking subsidiary in Luxembourg, incorporated in 1991.

The Bank is granted with full banking license and can undertake, among other activities, asset management business, including investment funds, structured products and financial advisory services.

The Bank has established under its hub 6 sub-branches as detailed below.



01 Bank of China (Luxembourg) S.A., Rotterdam Branch, established since 2007

02 Bank of China (Luxembourg) S.A., Brussels Branch, established since 2010

03 Bank of China (Luxembourg) S.A., Poland Branch, established since 2012

04 Bank of China (Luxembourg) S.A., Stockholm Branch, established since 2012

05 Bank of China (Luxembourg) S.A., Lisbon Branch, established since 2013

06 Bank of China (Luxembourg) S.A., Athens Branch, established since 2019



Luxembourg is also BOC's EU banking hub offering a full range of services

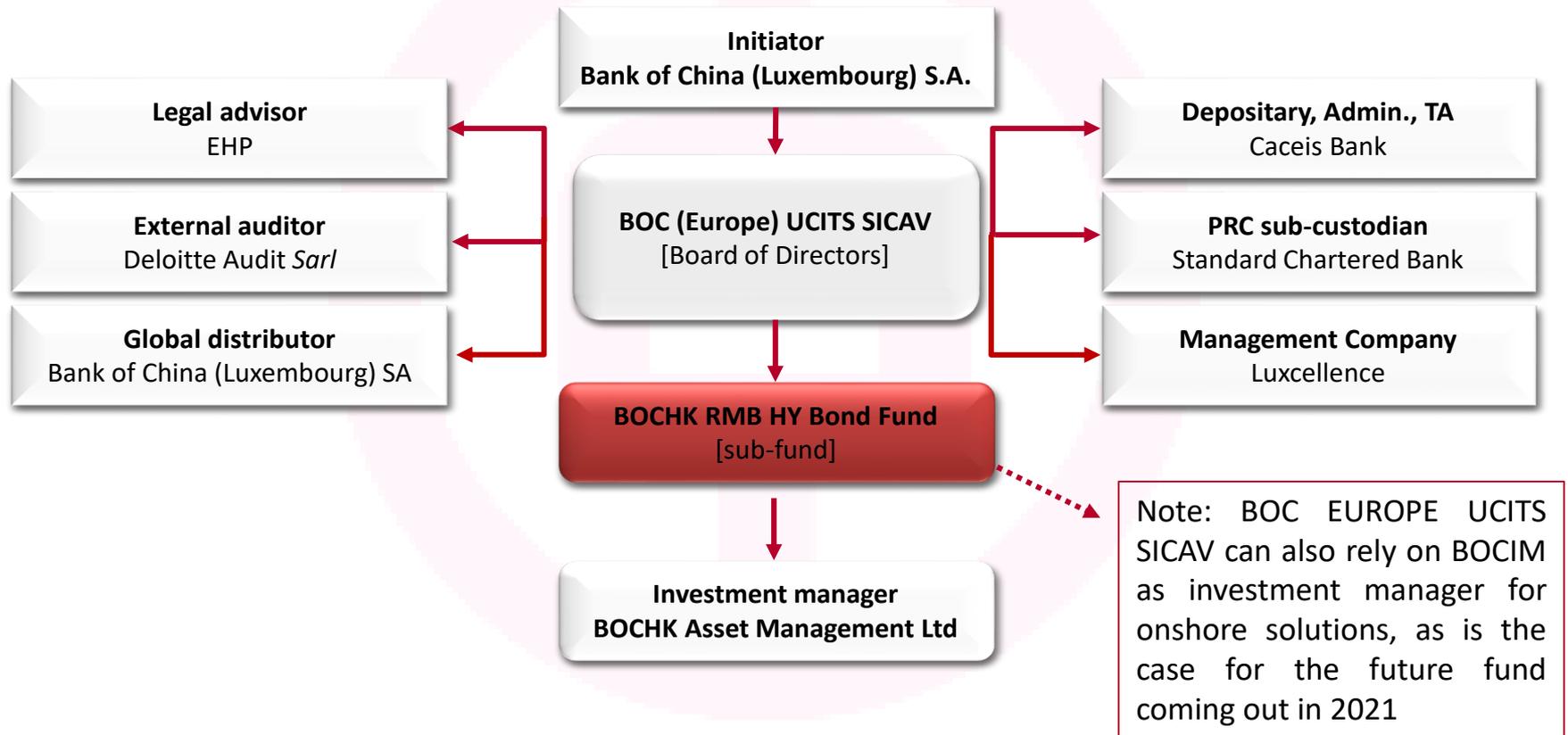
Bank of China Luxembourg is specialised in Corporate Banking Services, but also provides comprehensive financial services and products across a wide range of areas:





BOC Europe UCITS SICAV: BOC's first UCITS investment vehicle

Incorporated on 31 Dec 2015 and with a total AuM of EUR 103 Million (Apr 2021), BOC Europe UCITS SICAV is BOC's flagship mutual fund vehicle in Europe. The future development of BOC's global asset management business will rely on this structure.





Management Company, Depositary, Legal Advisor



- A UCITS Management Company
- An authorized AIFM
- A third-party service provider of risk management services
- Member of professional associations and actively participates to industry working groups.

website: www.luxcellence.com



€2.6tr
\$3.0tr
IN ASSETS UNDER CUSTODY

SHAREHOLDERS

CRÉDIT AGRICOLE GROUP
(via Crédit Agricole S.A.)

€1.7tr
\$1.9tr
IN ASSETS UNDER ADMINISTRATION

BPCE GROUP
(via Natixis)

85
85%

€1.1tr
\$1.2tr
IN ASSETS UNDER DEPOSITARY/TRUSTEE

15
15%

Credit rating: A+, Aa3, A+

website: www.caceis.com

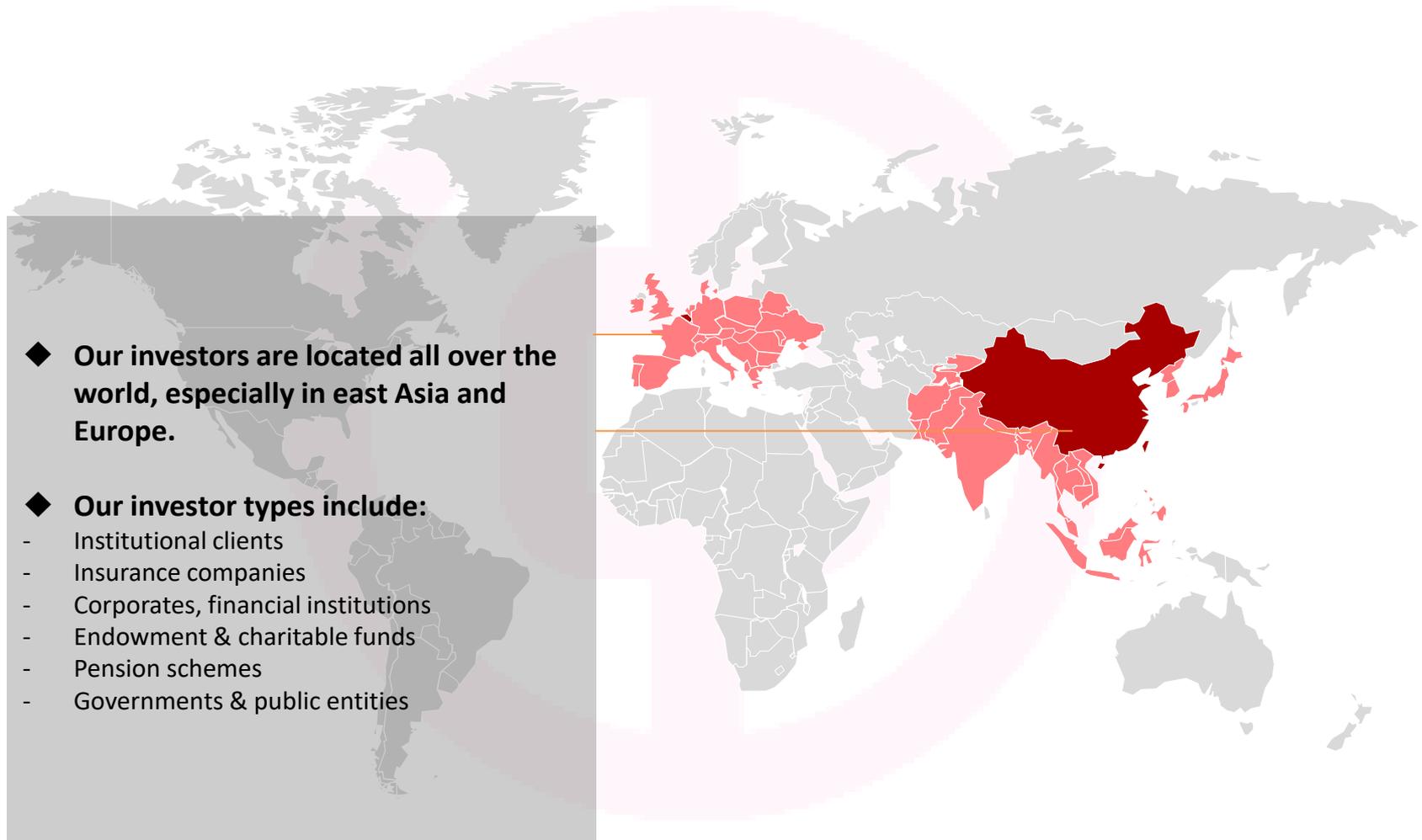


- Founded in 1964 and is one of the largest Luxembourg Law Firms
- Legal Adviser for more than 40% of the Luxembourg Investment Funds market
- Tier 1 ranking Legal Firm by Chambers, Legal 500 and IFLR 1000
- EHP Hong Kong office established in 2012 dedicated to Asian clients.

website: www.elvingerhoss.lu



Investor Types and Coverage





1.2

Bank of China HK Asset Management The offshore asset management specialists



AuM of USD 21 billion and more than 10 years of experience in the Chinese offshore fixed income market

- Based in Hong Kong, BOCHK AM was established in October 2010 as a fully owned subsidiary of BOC Hong Kong (Holdings) Limited.
- AUM at USD 21 billion (31/12/2020), mainly in fixed income.
- An experienced investment team with an operation that is one of the largest among Chinese fund houses outside of mainland China.
- One of the most active asset managers in both the primary and secondary USD denominated Asian fixed income markets. We are in a position to get good allocation in IPOs & rights issues.
- Winner of numerous awards from leading trade magazines such as Asia Asset Management and Benchmark, both fixed income and equity investment capabilities.
- Leverages on the expertise and extensive insight of the Bank of China Group on Chinese economic & political issues as well as views on different industry sectors.
- A global investment solution provider with a Asia focus.

A Solid shareholding structure

 **中國銀行**
BANK OF CHINA
中國銀行股份有限公司
BANK OF CHINA LIMITED
(於中華人民共和國註冊成立的股份有限公司)
(股份代號：3988)

- One of the four largest commercial banks in China
- Total assets = USD 3,098 billion (31 Dec 2018)
- A1 / A / A (Moody's, S&P, Fitch)
- Listed in Mainland China & Hong Kong

66.06%*

 **中銀香港(控股)有限公司**
BOC HONG KONG (HOLDINGS) LIMITED

- Total assets = USD 377 billion (31 Dec 2018)
- Aa3 / A+ / A (Moody's, S&P, Fitch)
- Listed in Hong Kong

100%

 **中銀香港資產管理有限公司**
BOCHK ASSET MANAGEMENT LIMITED

* Remaining shares held by the public



A full range of strategies mostly focused on Fixed Income

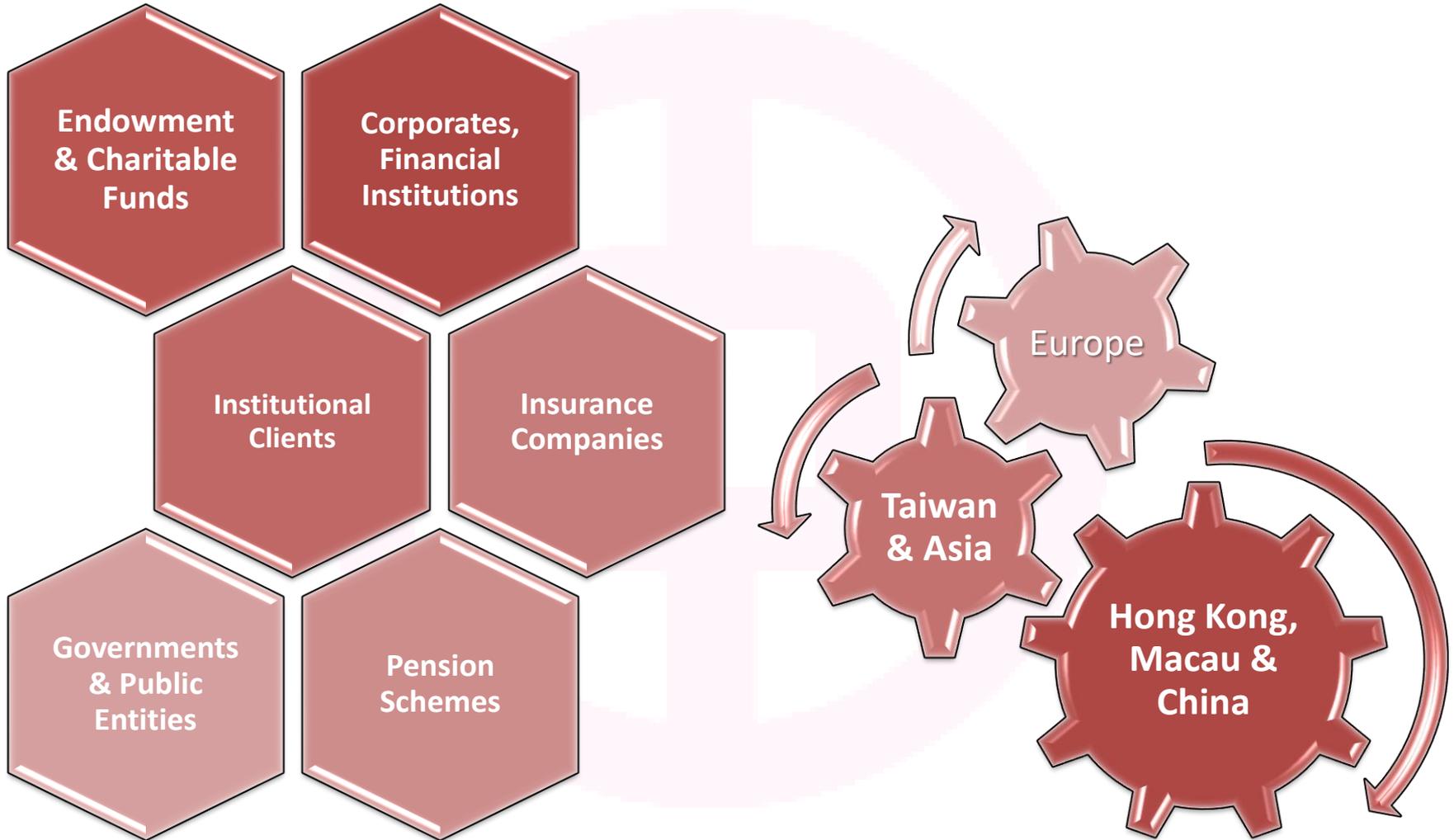


- BOCHK RMB High Yield Bond Fund (Lux, UCITS)
- BOCHK Fixed Maturity Fund SP (Cayman)
- BOCHK Alanbiety US Real Estate Fund SP (Cayman) (FoF)
- BOCHK Commercial Real Estate Fund I(Cayman PE Fund)
- BOCHK Multi-Asset Fund SP (Cayman)
- BOCHK Fixed Income Opportunity Fund SP (Cayman)
- BOCHK Short Term Cash Management Fund (Cayman)
- BOCHK 1 Yr Maturity Bond Fund I & II (Cayman)
- BOCHK Fixed Maturity Fund 2020 SP (Cayman)

- BOCHK All Weather China High Yield Bond Fund
- BOCHK All Weather Asian Bond Fund
- BOCHK All Weather Hong Kong Equity Fund
- BOCHK All Weather CNY Equity Fund
- BOCHK All Weather Asia (ex-Japan) Equity Fund
- BOCHK All Weather Global Opportunities Fund
- BOCHK All Weather China Income Fund
- BOCHK All Weather Asia Pacific High Income Fund
- BOCHK All Weather Short Term Bond Fund
- BOCHK All Weather Greater Bay Area Strategy Fund
- BOCHK All Weather Belt and Road Bond Fund
- BOCHK All Weather Asian High Yield Bond Fund



Global client reach in partnership with BOC Luxembourg SA





A top of the class Fixed Income team

Name	Job Title	Prior Experience	Qualifications	Years of Industry Experience
J C HAN	Chief Investment Officer	Held senior position at CITIC Securities, CICC, BOCI, Chase, AIG FP and CIBC	Winner of Abramson Award in 2000, PhD from MIT; Master degree from University of Alberta	28
Ben YUEN	Fixed Income Chief Investment Officer	Held senior position and led Asian fixed income portfolio management at UBS Global Asset Management, First State Investments & HSBC Global Asset Management	MSc Finance, Lancaster University; CFA; Fellow of the Hong Kong Securities Institute	27
Jia MING	Deputy Fixed Income Chief Investment Officer	Led fixed income trading at Haitong International, First Capital Securities and Southwest Securities Co., Ltd.; Senior fixed income portfolio manager at CDH Investments, China Asset Management Co., Ltd. and Bank of China	Master in Finance, University of Hong Kong; Bachelor Degree in Economics, Peking University	22
Elvis CHAN	Fixed Income Senior Portfolio Manager / Analyst	Senior Credit Analyst at BNP Paribas and Standard Chartered	BBA, HKUST; CFA, FRM	17
Nino Siu	Fixed Income Senior Analyst	Extensive experience in research and credit analysis gained from Moody's, ING Group, UBS, Citi and RBS	LLM (Chinese Laws), HKU MSc Investment Management, HKUST, CFA, FRM	17
Terry NGAI	Fixed Income Senior Portfolio Manager/ Analyst	Head of investment at BOCG Insurance, proprietary investment Assistant General Manager at China Development Bank Securities	BBA, Joseph Rotman School of Management, University of Toronto	13
Charles SONG	Fixed Income Portfolio Manager/ Analyst	Asian Credit Trader at BOCHK Global Markets; Quantitative Developer (Vice President) at Morgan Stanley in New York; Quantitative Analyst at Citigroup Global Markets in New York	BS, Tongji University, BS, Carnegie Mellon University; CFA	8
Carol Zhao	Fixed Income Analyst	Research Analyst at Haitong International	Ph.D. in Economics, HKUST BA Accounting, Qingdao University, China	6
Maria WANG	Fixed Income Analyst	Credit Trading Desk Analyst at BNP Paribas	Bachelor Degree in Economics, Chinese University of Hong Kong; MPhil Economics, Chinese University of Hong Kong	5
Oscar WANG	Fixed Income Analyst	Joined BOCHK Asset Management out of university	BA Economics, Renmin University of China; MA Economics, Johns Hopkins University	3



A widely recognized Fixed Income house in Asia



2020

BENCHMARK "Fund of the Year Awards 2020"

House Award

- Outstanding Achiever, China Fixed Income Asia Asset Management "2020 Best of the Best Awards"

Best of the Best Performance Awards

- RMB Bonds, Offshore, 3 Years

Manager of the Year Awards – Hong Kong

- Best RMB Manager



2019

BENCHMARK "Fund of the Year Awards 2019"

House Award

- Best-in-Class, China Fixed Income Manager of the Year Awards
- China Fixed Income

Asia Asset Management "2019 Best of the Best Awards"

Best of the Best Performance Awards

- RMB Bonds, Offshore, 3 Years

Best of the Best Country Awards – Hong Kong

- Best China Fund House



2018

BENCHMARK "Fund of the Year Awards 2018"

House Award – Fixed Income

- Best-in-Class, China Fixed Income
- Best-in-Class, RMB Fixed Income
- Best-in-Class, High Yield Fixed Income

Asia Asset Management "2018 Best of the Best Awards"

Best of the Best Performance Awards

- RMB Bonds, Offshore, 5 Years

Best of the Best Regional Awards

- Best RMB Manager

International Finance Awards 2018

Financial Awards

- Most Innovative Asset Management Company



中國銀行

BANK OF CHINA

卢森堡

LUXEMBOURG

2.

ASIAN OFFSHORE HIGH YIELD FUNDAMENTALS

Asian Credit Market Outlook

- ▶ Since the beginning of 2021, the performance of China's USD high yield bond has lagged behind other major markets though this seems to have stabilized recently. We believe that current valuation has fully priced in existing market uncertainties leaving room for upside potential.
- ▶ Under the ultra-low interest rate environment fueled by an abundance of liquidity, performance has been stable in the US bond market. Meanwhile the Asian bond market was adversely affected by US sanctions on Chinese companies, together with liquidity problems experienced by some Chinese corporates, as well as the new round of COVID-19 pandemic in Asia in recent months, all of which resulted in a more cautious investment sentiment.
- ▶ The spread between Asian countries and China have been doubling since early 2021. Such spread widening was attributed not only to challenges faced in the Chinese bond market but also the bullish energy and commodity sectors in Asia (non-China), including Indonesia and India, which benefited from rising commodity prices. This explains the widening gap between the commodity rich countries and China. Nevertheless, we believe that the current valuation of China high yield has fully reflected market worries and uncertainties. Consequently, as China high yield bond expecting to play "catch up", this would make them more appealing than other non-China Asian high-yield bonds.



Financing in China

- Over the past years, due to de-leveraging, total social financing and overall banking loans were stabilizing in China; While the government bond and corporate bond financing were growing gradually. Although the marginal increase seems to be declining, we believe TSF will still grow steadily.

China Total Social Financing



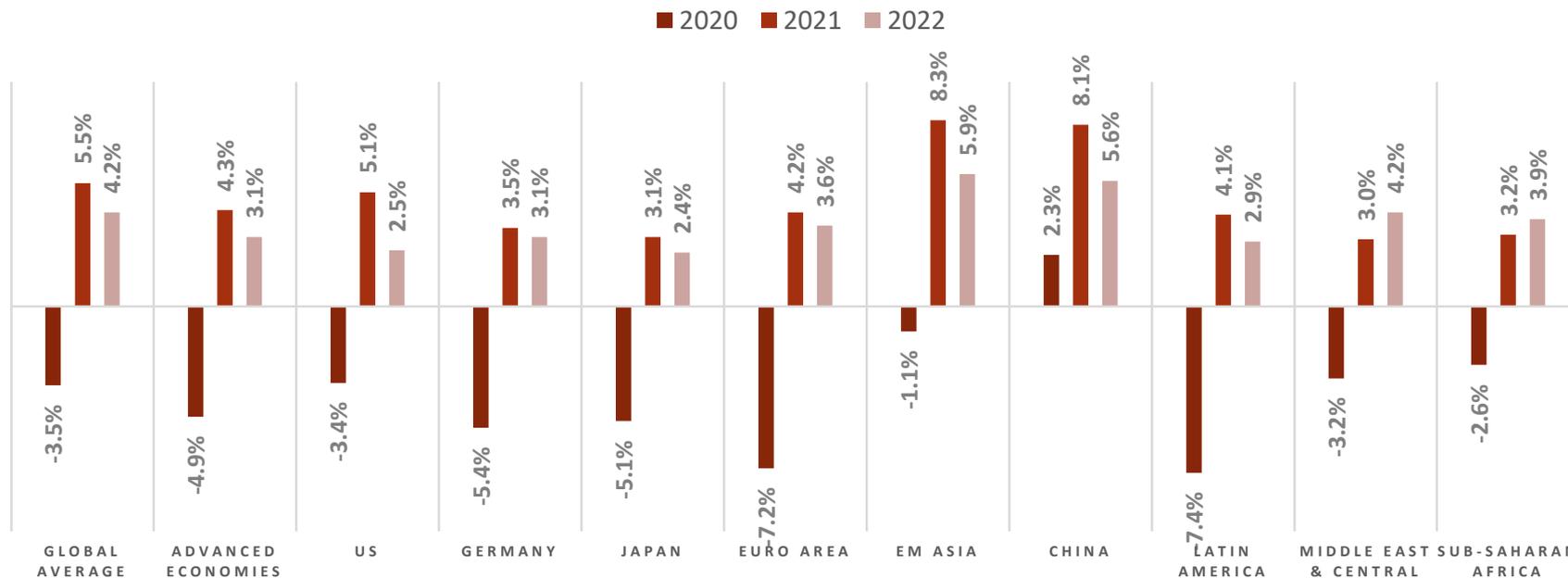
Source: BOCHK AMC, Jan 28 2021



Macro Economic Fundamentals

- Compared with European and American countries, Asian regions, particularly China, took the lead in controlling the epidemic. In Q1-21 its GDP grew 18.3% on a YoY basis.
- In the future, production in Asia will continue to recover, and the economic impact will be lower than in other regions. The estimated GDP growth rate for 2021-2022, the Asian region is still ahead of other regions and higher than the average growth rate.

GLOBAL GDP

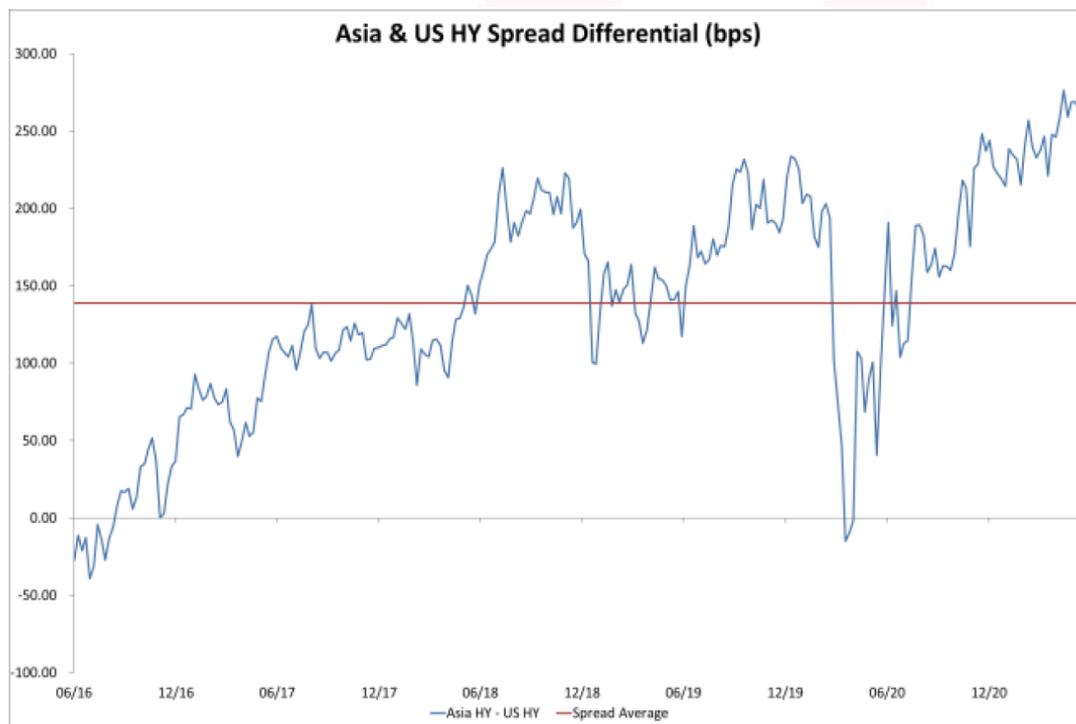


Source: IMF – Economic Outlook January 2021



Relative Performance for HY Corp Markets

The lag in performance in Asian (including China) USD high-yield bonds this year was due mainly to the slowdown in China's domestic credit growth, which has particularly affected China's high-yield market. In addition, the default of China Fortune Land Development in February, coupled with Q1 earnings falling short of expectations for some real estate developers, resulted in a more cautious market sentiment for Chinese real estate bonds, especially B-rated credit-rated bonds.



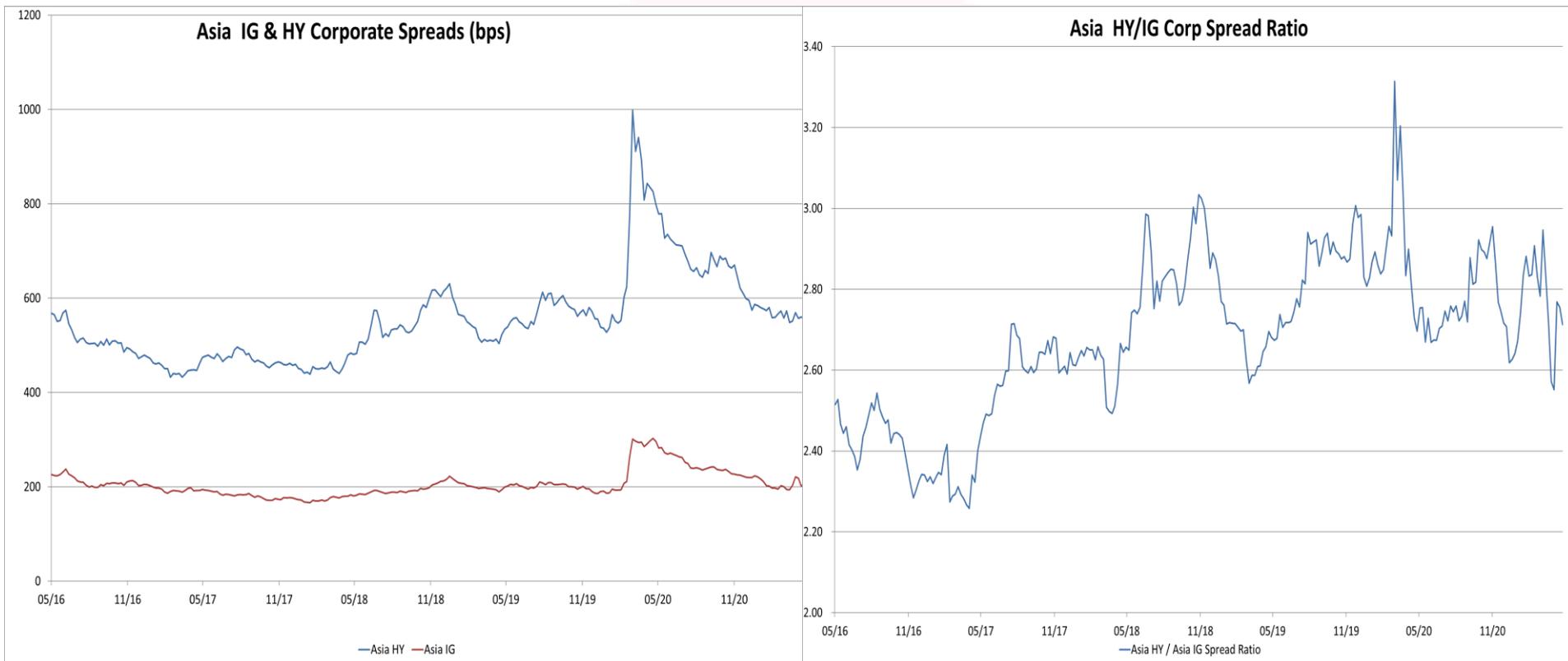
We believe the China USD high yield market is currently at very attractive level and therefore at good valuation, since negative news have been priced in. Economic and production recovery will become the main investment theme of 2021, which will in turn have a positive impact on corporate profitability. Together with sound economic fundamentals, this will help improve the solvency of enterprises in China and bring down bond default rate. With this in mind, the performance of China high-yield may even outperform investment grade bonds.

Source: Bloomberg, BOCHK Asset Management. Updated as 18/05/2021



Asian HY vs IG Credit Spread Ratio

Asian HY vs IG Credit Spread Ratio have been range-bound in 2021 so far.

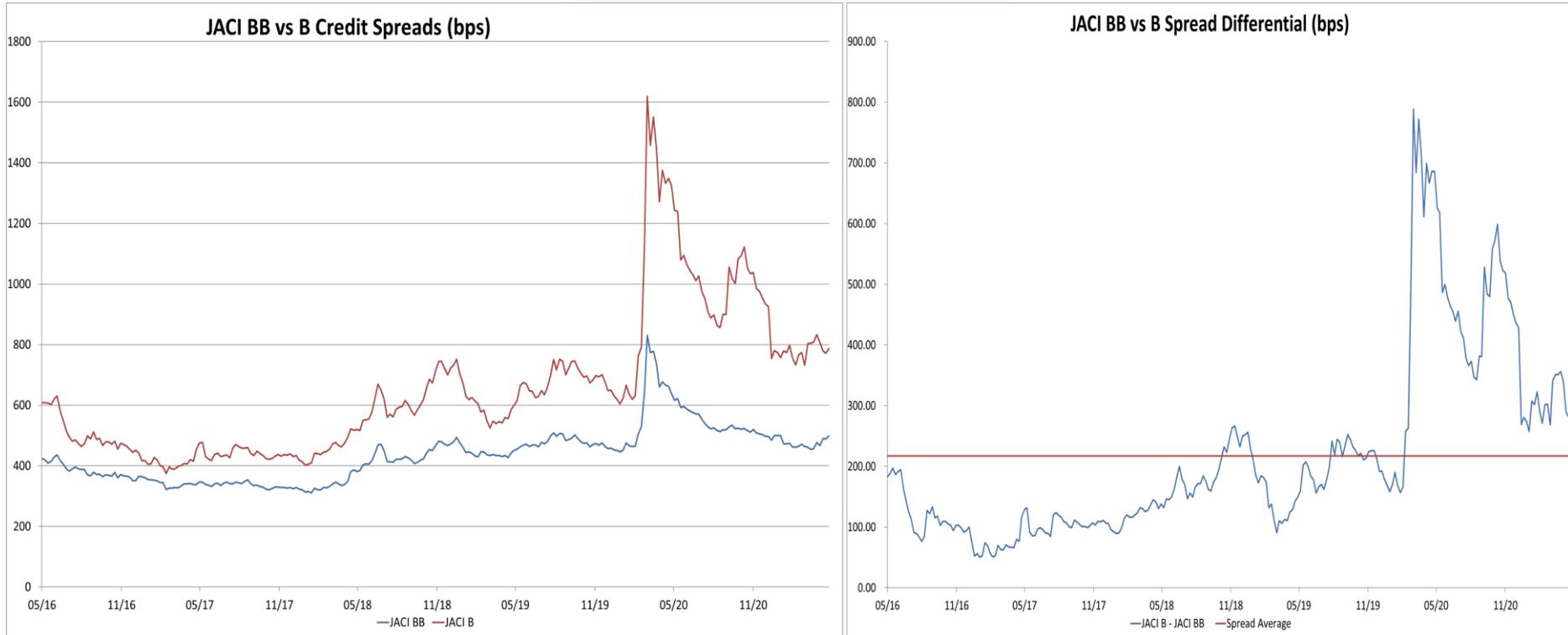


Source: Bloomberg, BOCHK Asset Management. Updated as 18/05/2021



Asian BB vs. B Credit Spread

Asian BB and B credit spreads differential is still high.
B rates outperformed in the first quarter of 2021



Source: Bloomberg, BOCHK Asset Management. Updated as 18/05/2021



China HY vs Non-China HY

The spread between China HY OAS and Asian HY OAS doubled from the beginning of the year



Source: Bloomberg, as of 18 May 2021.



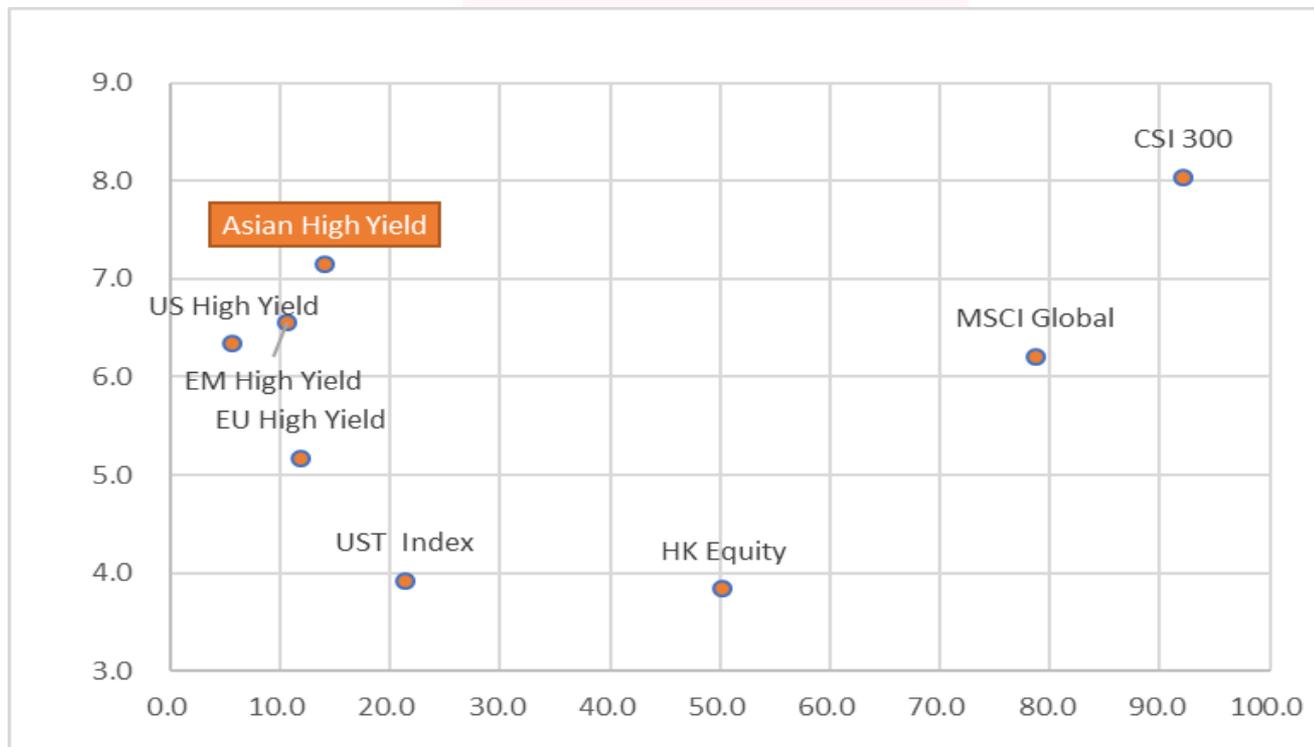
Divergence between China HY and Non-China HY

- China HY has been underperforming in Q1 2021
 - The slowing onshore credit growth negatively impacted China's HY sector
 - The default of China Fortune Land in Feb dragged down the B rated China property names
 - The earning reports surprises in March re-priced many BB rated benchmark names
 - The China Huarong AM default fears caused havoc in the offshore HY markets slashing price for most issuers in late March and early April.
- Non-China HY has been following the strong performance of US HY
 - Energy and commodity sectors from India and Indonesia benefited from rebound of commodities prices
 - Indian names remained at very tight spread level as global money still favored the sector
- The valuation of China HY looks more attractive
 - Limited supply from China issuers will be a technical support
 - Underlying physical property market remains fairly strong



Return and Volatility Across different Assets

Since January 2006, the risk adjusted return of Asian high-yield corporate bonds has been relatively attractive



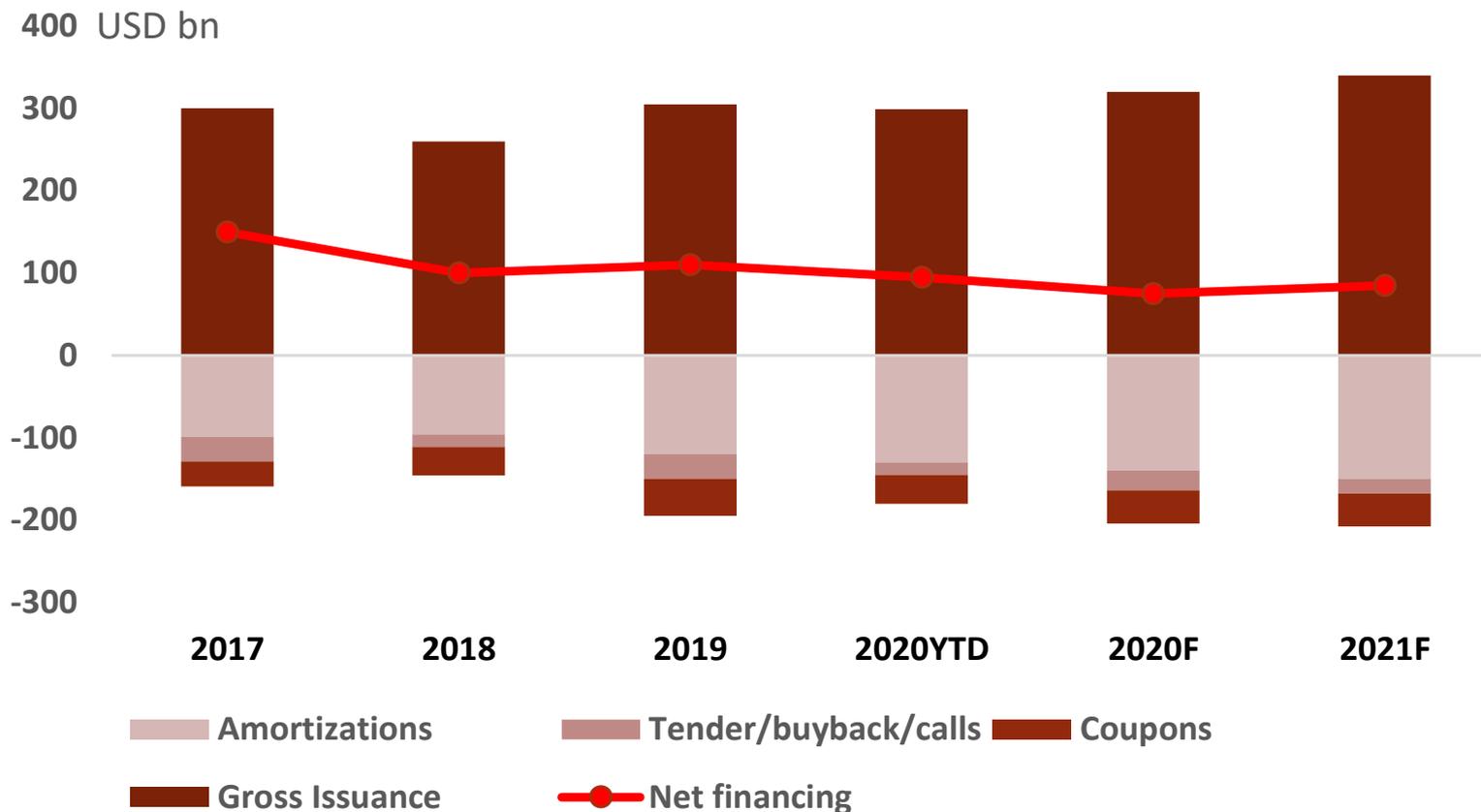
Bond Index is the JP Morgan Asian Credit Index. The US Treasury Index is the Barclays US Treasury Index. The Global Balanced Index is the weighted average of the MSCI Global Net Total Return Index (USD hedged) and the Barclays Global Comprehensive Total Return Index (USD hedged), both weighing 50%

Source: Bloomberg, BOCHK Asset Management, updated to 12/30/2020



Supply Forecast of Asian bonds

We forecast there would be 343 billion USD supply in Asian Credit Market, which is stable or slightly decrease comparing with 2020.



Source: J.P. Morgan. 2020YTD as of November 13, 2020

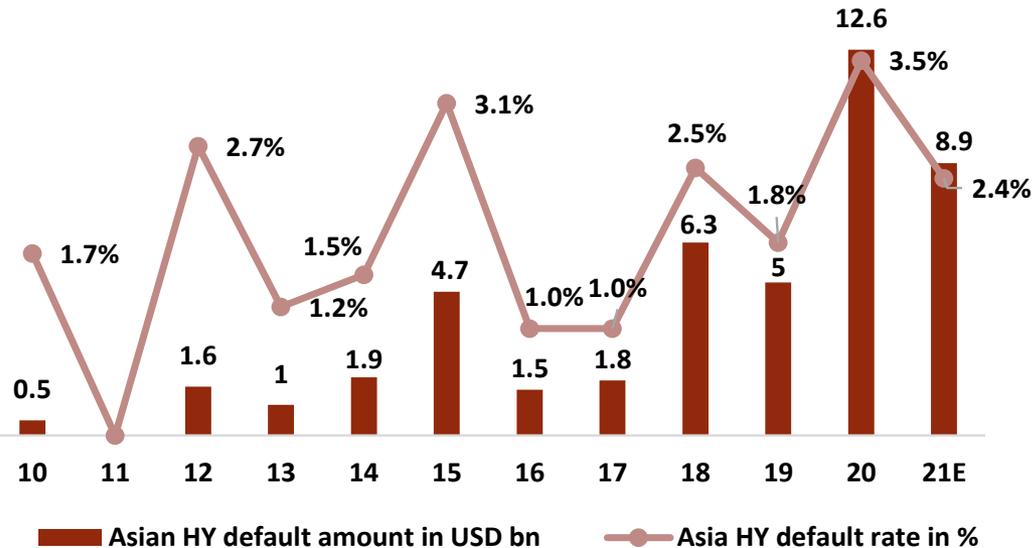


Default Rate Forecast

According to JP Morgan, the default rate rose to 3.5% in Asian USD Credit Market. But such a default ratio is lower than most of EM markets.

We forecast for a 2.4% default in coming 2021.

Asia - Defaulted amount and HY Default rate



Source: JP Morgan, 2020

	Asia	EM Europe	Latin America	Middle East & Africa	% EM HY bonds (incl. 100% quas)
2011	0.0%	0.7%	1.1%	0.0%	0.6%
2012	2.7%	5.2%	3.6%	0.2%	3.5%
2013	1.2%	2.3%	10.6%	0.0%	4.3%
2014	1.5%	4.0%	6.4%	4.6%	3.8%
2015	3.1%	2.5%	5.7%	4.0%	3.8%
2016	1.0%	3.6%	9.2%	5.7%	5.1%
2017	0.9%	3.6%	2.0%	3.2%	2.2%
2018	2.5%	0.0%	2.1%	0.0%	1.6%
2019	1.8%	0.0%	2.3%	1.6%	1.6%
2020	3.4%	3.4%	4.4%	2.2%	3.5%
2021E	2.4%	0.7%	3.6%	2.5%	2.5%

Source: JP Morgan, 2020 – Based on par value of defaulted bonds and excluding 100% quasi-sovereign bonds



中國銀行

BANK OF CHINA

卢森堡

LUXEMBOURG

3.

BOCHK RMB HIGH YIELD BOND FUND

(data as of 28 May 2021)

Key Investor Information

Fund Information

Management Company	Luxcellence Management Company
Investment Manager	BOCHK Asset Management Ltd
Fund size	RMB 802.95 Mln (EUR 103.50 Mln)
Launch date	01/08/2011 (Cayman), 12/09/2014 (RedArc GI UCITS SICAV), 17/05/2017 (BOC EUROPE UCITS SICAV)
Asset Class	Asian/Chinese offshore HY Bonds
Sub/Red frequency	Daily
NAV calculation	Daily
Risk / Reward profile	3 [scale from 1 to 7]
Sub fee (up to)	5.25%
Red fee (up to)	Nil
Ongoing charges (up to)	1.40%
• <i>Depo, Admin, TA</i>	0.115%
• <i>Management Company</i>	0.25%
• <i>Investment Manager</i>	1%
Dividend policy	Aims to pay dividends quarterly
Also available for sale on:	

Bloomberg



Investment Strategy

- The Sub-Fund aims to generate long-term capital growth and income in RMB terms by investing mainly in debt securities issued by companies and special purpose vehicles. Investments can be denominated in RMB, hedged to this currency or have other exposure to this currency. The Fund is not tied to a benchmark.
- A significant portion of the investments can be allocated to high yield bonds. Currency risk is hedged.
- The fund was launched in August 2011 as a Cayman Fund and then transformed into UCITS in Oct 2014 under RedArc Global Investments SICAV. BOCHK AM merged it into the BOC EUROPE UCITS SICAV in 2017.

Investment Manager

- BOCHK Asset Management Ltd was founded in 2010 as subsidiary of Bank of China (Limited);
- Asset size under management or advisory is 21 billion USD mainly in fixed income products;

Awards of the Fund

- BENCHMARK “Fund of the Year Awards 2015”
- BENCHMARK “Fund of the Year Awards 2016”
- BENCHMARK “Fund of the Year Awards 2017”
- Asia Asset Management “2017 Best of the Best Award”



Fund Strengths – May 2021

- **Short average duration helps to reduce price volatility**
 - Average Yield to worst: 9.3% per year (WITH all FX hedging income or cost)
 - Average Duration: 2.2 years
- **Focusing on fundamental analysis and screening out underlying asset with high quality to prevent the portfolio from default events and reduce credit risk**
 - Avoid investing in municipal investment bonds with liquidity problem
 - Avoid investing in private enterprises with poor asset quality
 - Investing in Asian Dollar Bonds with stable cash flow, low liquidity pressure, and short average duration
- **Large scale Asian Dollar Bond market helps to diversify portfolio and reduce concentration risk**
 - Investing in 115 bonds issued by 67 issuers
- **Distributing high paying dividends on a quarterly basis**



Distribution Share Classes – May 2021

Share Class & ISIN	Launch Date	Min. Subscription	Type of Investor	Inv. Mgmt Fee	Mgmt Fee	Price per Share
CD-RMB LU1101303177	26/05/2017	RMB 6,000	All	1% p.a.	0.25% p.a.	CNH 118.88
CD-HKD LU1101299631	26/05/2017	HKD 6,000	All	1% p.a.	0.25% p.a.	HKD 119.23
CD-USD LU1101282231	26/05/2017	USD 1,000	All	1% p.a.	0.25% p.a.	USD 119.72
CD-USD H LU1101254024	26/05/2017	USD 1,000	All	1% p.a.	0.25% p.a.	USD 96.90
CD-EUR H LU1791937011	27/07/2020	EUR 1,000	All	1% p.a.	0.25% p.a.	EUR 99.29
ID-USD-H LU1809162610	09/07/2018	USD 1,000,000	Institutional	0.7% p.a.	0.25% p.a.	USD 99.99
XD USD H LU1791937102	26/05/2017	USD 25,000,000	Institutional	0.4% p.a.	0.25% p.a.	USD 100



Accumulation Share Classes – May 2021

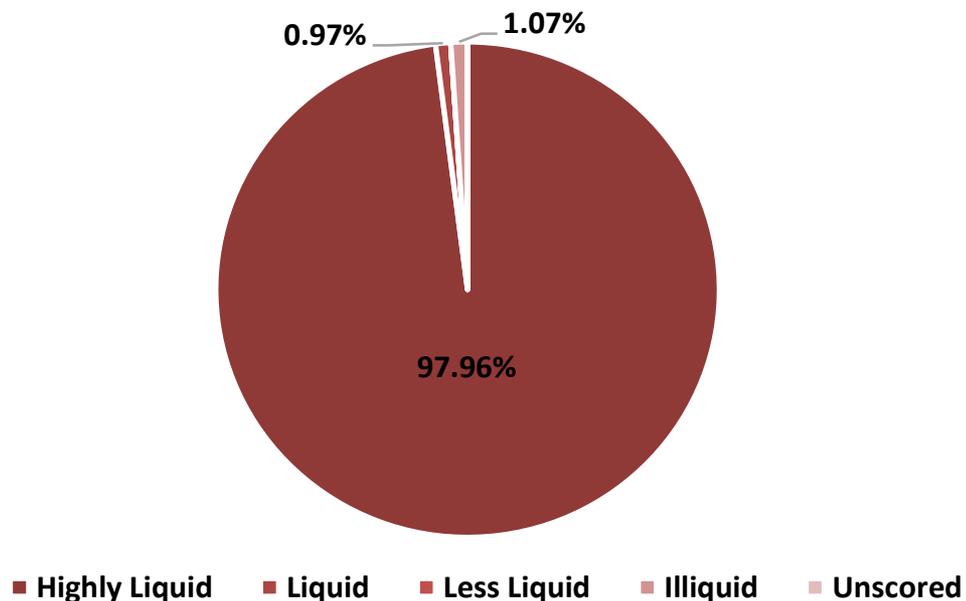
Share Class & ISIN	Launch Date	Min. Subscription	Type of Investor	Inv. Mgmt Fee	Mgmt Fee	Price per Share
C EUR H LU2341048614	30/04/2021	EUR 1,000	All	0.7% p.a.	0.25% p.a.	EUR 100
I EUR H LU2341048705	30/04/2021	EUR 1,000,000	Institutional	0.7% p.a.	0.25% p.a.	EUR 100
I USD H LU2341048887	30/04/2021	USD 1,000,000	Institutional	0.7% p.a.	0.25% p.a.	USD 100
I USD LU2341048960	30/04/2021	USD 1,000,000	Institutional	0.7% p.a.	0.25% p.a.	USD 100



Portfolio General Statistics – May 2021

General Fund Statistics	
Fund Size	RMB (M) / EUR (M) 802.95 / 103.50
Average yield to worst (net of Hedging Income/Cost)	9.3% p.a.
Average modified duration	2.2yrs
Average Credit Rating	B+
Number of Issuers	67
Number of Securities	115

Market Value by Liquidity Score





Performance in % – May 2021 (active share classes)

Share Class & ISIN	1M	3M	YTD	1Y	3Y (c)	5Y(c)	Fund Volatility (1Y/3Y)	Sharpe Ratio (1Y/3Y)	Drawdown (%) (1Y/3Y)
CD-RMB LU1101303177	0.99	1.26	1.25	11.07	19.59	36.57	3.79 / 9.57	2.17 / 0.32	1.57 / 17.08
CD-HKD LU1101299631	2.50	3.08	3.40	25.13	19.03	41.09	6.45 / 11.91	3.84 / 0.38	2.14 / 19.52
CD-USD LU1101282231	2.56	3.03	3.29	24.95	20.29	41.19	6.53 / 11.87	3.80 / 0.41	2.14 / 19.36
CD-USD H LU1101254024	0.82	0.63	0.18	8.25	15.68	26.03	3.77 / 9.48	2.13 / 0.37	1.62 / 17.14
CD-EUR H LU1791937011	0.68	0.38		3.34 (inception)	-	-	3.95 (6M) / 4.17 (Inception)	0.46 (6M)/ 1.09 (Inception)	1.65
ID-USD-H LU1809162610	0.84	0.72	0.33	8.70	7.03 (2Y)	-	3.77 (1Y) / 11.71 (2Y)	2.25 (1Y) / 0.21 (2Y)	1.61 (1Y) / 17.10 (2Y)

Note: Accumulation share classes have not yet seen their first subscription thus they are not accounted in the performance table for now.



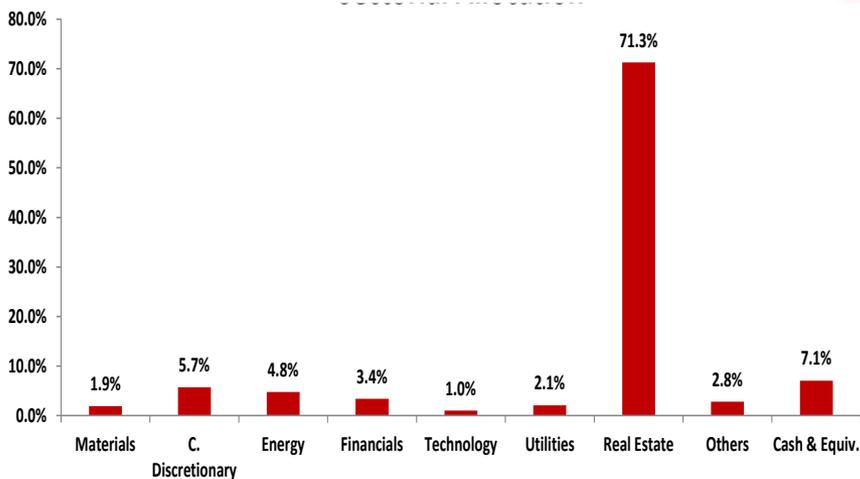
Historical Drawdown

Period	Drawdown in % terms	Recovery Time (months)	Reason
Mar-20	-17.95%	8.5	COVID 19 => Global liquidity reduced
Dec 2014- Jan 2015	-8.45%	3	Kasai Effect (one of China Property Developer Default)
May - Jun 2013	-8.71%	4	US Tapping Effect
May-12	-4.79%	1	2nd Wave of European Crises Effect
Sep - Oct 2011	-4.60%	2.5	European Crises Effect

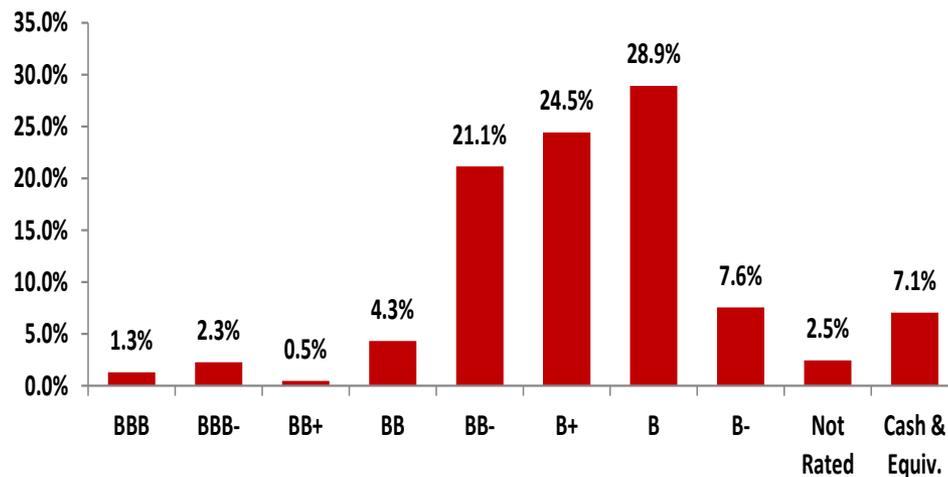


Portfolio Exposure – May 2021

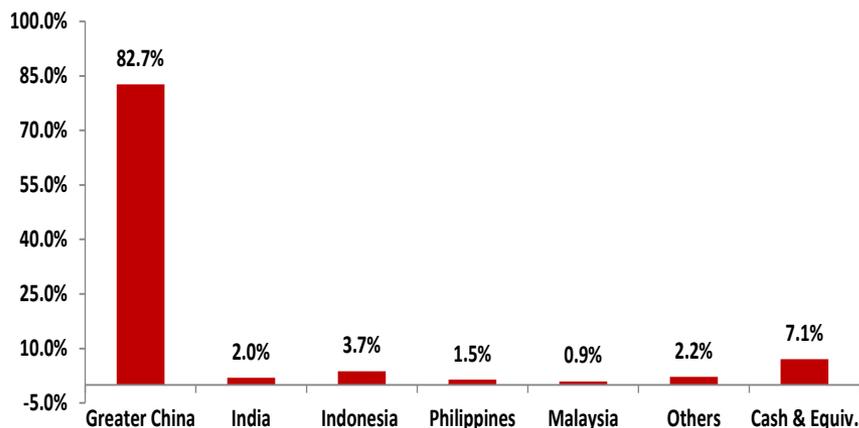
Sectorial Exposure



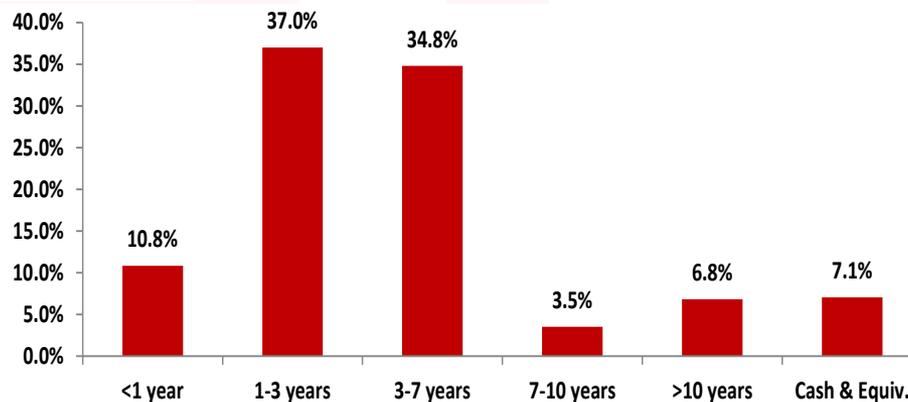
Credit Rating Exposure



Geographic Exposure



Maturity Exposure





China Property Market

With the support of central government policies, we remain optimistic on the domestic property market. Despite some recently released financial result indicating squeezed profit margin and property development projects decelerating, this is mitigated by the authority's "Three Red Lines¹" guidance imposed on developers which amount to forced deleveraging to improve financial health for the real estate sector and that will likely drive a wave of re-rating for developers and open up long-term opportunities for bond investors.

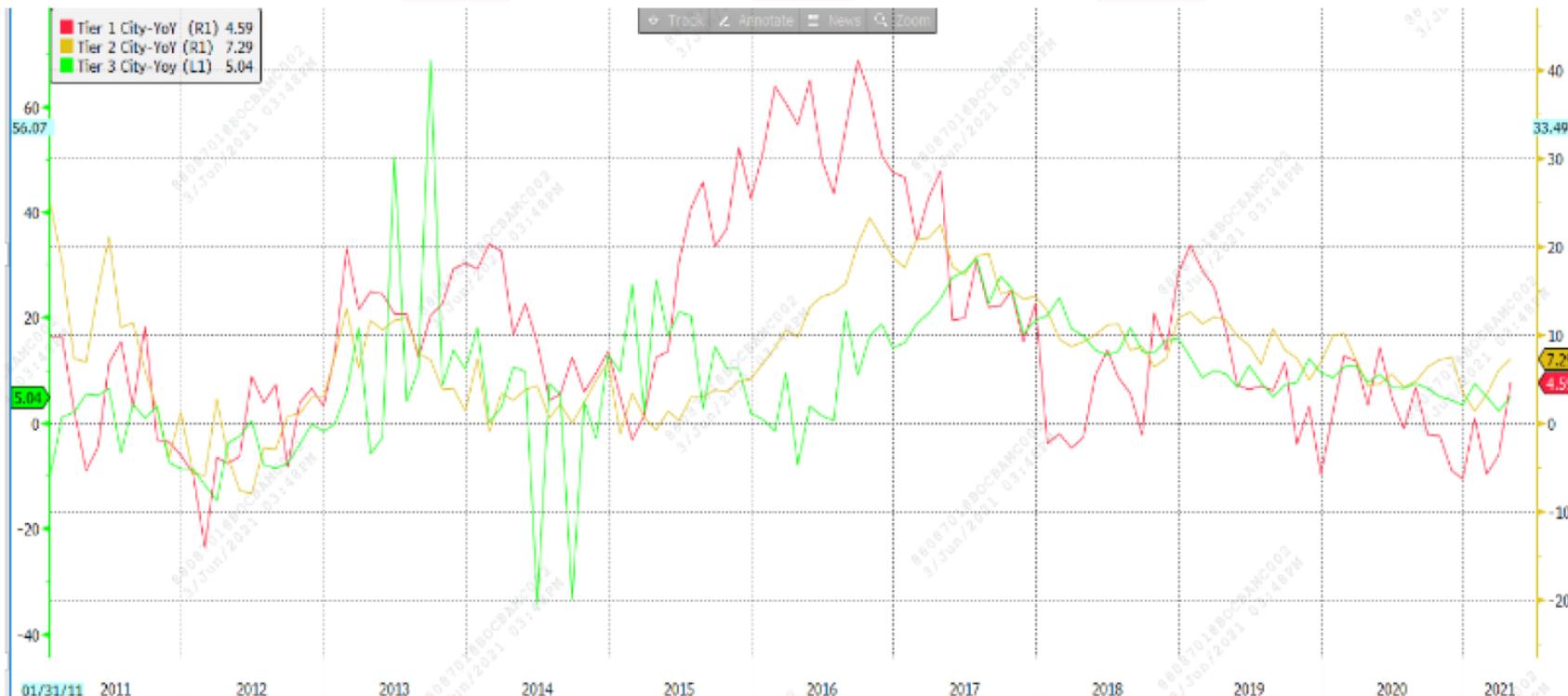


Source: Bloomberg. BOCHK AMC, updated to May 18 2021



China Property Market

The mainland property market has recovered from the COVID-19 pandemic outbreak over the past year. Against the backdrop of sound economic fundamentals, central government is mindful of the big jump in house prices, and thus putting gradual tightening to ensure a more sustainable increase in prices. In the first 4 months of 2021, both house prices and sales have risen, but with prices of new homes actually consolidating in 1st, 2nd and 3rd tier cities when comparing with the previous 2 years.



Source: Bloomberg. BOCHK AMC, updated to May 18 2021

China Residential Property Sales

Even though the central government has tightened its control in real estate market, the sales of new homes rose by more than 70% in the first 4 months of 2021, vs +45% in pre-pandemic 2019 level (see Chart 4). Increasing incomes and urbanization will continue to be the two major impetus to the development in China property market.

Table 1: NBS property data summary

New home sales growth solid but new starts slumped

Residential YoY	April-21		4M21		Mar-21		3M21	3M21 over 3M19
	YoY	April-21 over April-19	YoY	4M21 over 4M19	YoY	Mar-21 over Mar-19		
Sales volume	21%	19%	51%	23%	42.4%	22.6%	68.1%	24.6%
Sales value	35%	31%	73%	45%	63.3%	43.6%	95.5%	50.6%
New Starts	-8%	-11%	14%	-7%	8.4%	-3.7%	30.1%	-5.0%
Real Estate investment	16%	24%	24%	21%	17.7%	19.8%	28.8%	19.5%
Completion	-4%	-11%	21%	3%	-3.4%	-2.2%	27.1%	6.5%
Under Construction	11%	15%	-43%	-41%	11.6%	16.2%	11.4%	16.3%
Land Purchase Area	-15%	-4%	5%	-8%	-3.3%	-15.0%	16.9%	-9.5%

Source: NBS, BofA Global Research

BofA GLOBAL RESEARCH

Source: BOCHK AM, NBS, BofA Global Research April 2021



China Property Market

“China's residential development is expected to remain the largest in the world, driven by an urbanization trend that is set to **continue for at least the next 10 years**.”

While China's top-tier cities are largely developed with a population the size of the U.S., its **lower-tier cities are still developing** with an accompanying level of home buying”

J.P. Morgan Markets “Inside China’s vast Property Market”, April 2019



China Property Market

In December 2020, The China Banking and Insurance Regulatory Commission (CBIRC) and People's Bank of China (PBoC) jointly announced a new rule to impose limits on banks' loan exposure to the real estate sector:

- 1- Limited impact on mortgage/sales and developers' funding in the near term: Most large-scale banks have a sufficient buffer before hitting their exposure limit and banks which breach the limit are allowed a two to four year period of transition;
- 2- Lengthened cash collection cycle in the medium term: Banks may lengthen their mortgage approval process given the exposure limit;
- 3- Slower growth for property sector in the longer run, and benefit the larger players under the ongoing theme of industry consolidation.

We would evaluate the real impact on the sector when more details are available. Having said that, we remain constructive on the China property HY sector as:

- 1- We expect the sector's contracted sales to steadily grow after a record year in 2020;
- 2- More local policies and measures have been taken to stabilize the housing market;
- 3- Many developers have been working on debt control and deleverage or have plans to do so which will improve resilience in the sector;
- 4- Gross and net issuance will be slowed down given NDRC's tight quota control.

Bank of China Hong Kong Asset Management – January 2021



Dividend History

	Share Class	Ex Dividend Date	NAV as of ex dividend date	Dividend	Annualized Yield ⁸
03/2021	Class CD RMB	2021/03/31	RMB 116.60	RMB 1.50	5.3%
	Class CD USD	2021/03/31	USD 113.98	USD 1.48	5.3%
	Class CD HKD	2021/03/31	HKD 113.69	HKD 1.47	5.3%
	Class CD USD-H	2021/03/31	USD 95.44	USD 1.22	5.2%
	Class CD EUR-H	2021/03/31	EUR 100.68	EUR 1.26	5.2%
	Class ID USD-H	2021/03/31	USD 100.94	USD 1.26	5.2%
12/2020	Class CD RMB	2020/12/31	RMB 118.92	RMB 1.72	5.9%
	Class CD USD	2020/12/31	USD 117.41	USD 1.69	5.9%
	Class CD HKD	2020/12/31	HKD 116.80	HKD 1.68	5.9%
	Class CD USD-H	2020/12/31	USD 97.96	USD 1.42	5.9%
	Class CD EUR-H	2020/12/31	EUR 100.68	EUR 1.46	5.9%
	Class ID USD-H	2020/12/31	USD 100.94	USD 1.46	5.9%
09/2020	Class CD RMB	2020/09/30	RMB 115.93	RMB 1.86	6.6%
	Class CD USD	2020/09/30	USD 109.57	USD 1.77	6.6%
	Class CD HKD	2020/09/30	HKD 108.95	HKD 1.76	6.6%
	Class CD USD-H	2020/09/30	USD 96.23	USD 1.55	6.6%

* The calculation method of annualized dividend yield is the following: $[(1 + \text{Distribution per Share/Price on Ex-date})^{\text{distribution frequency in a year}} - 1]$. A positive annualized yield does not imply a positive return. The Fund's dividend history shown above includes dividend information of the Red Arc Fund which merged into the Sub-Fund on 29/05/2017. Investment involves risks.

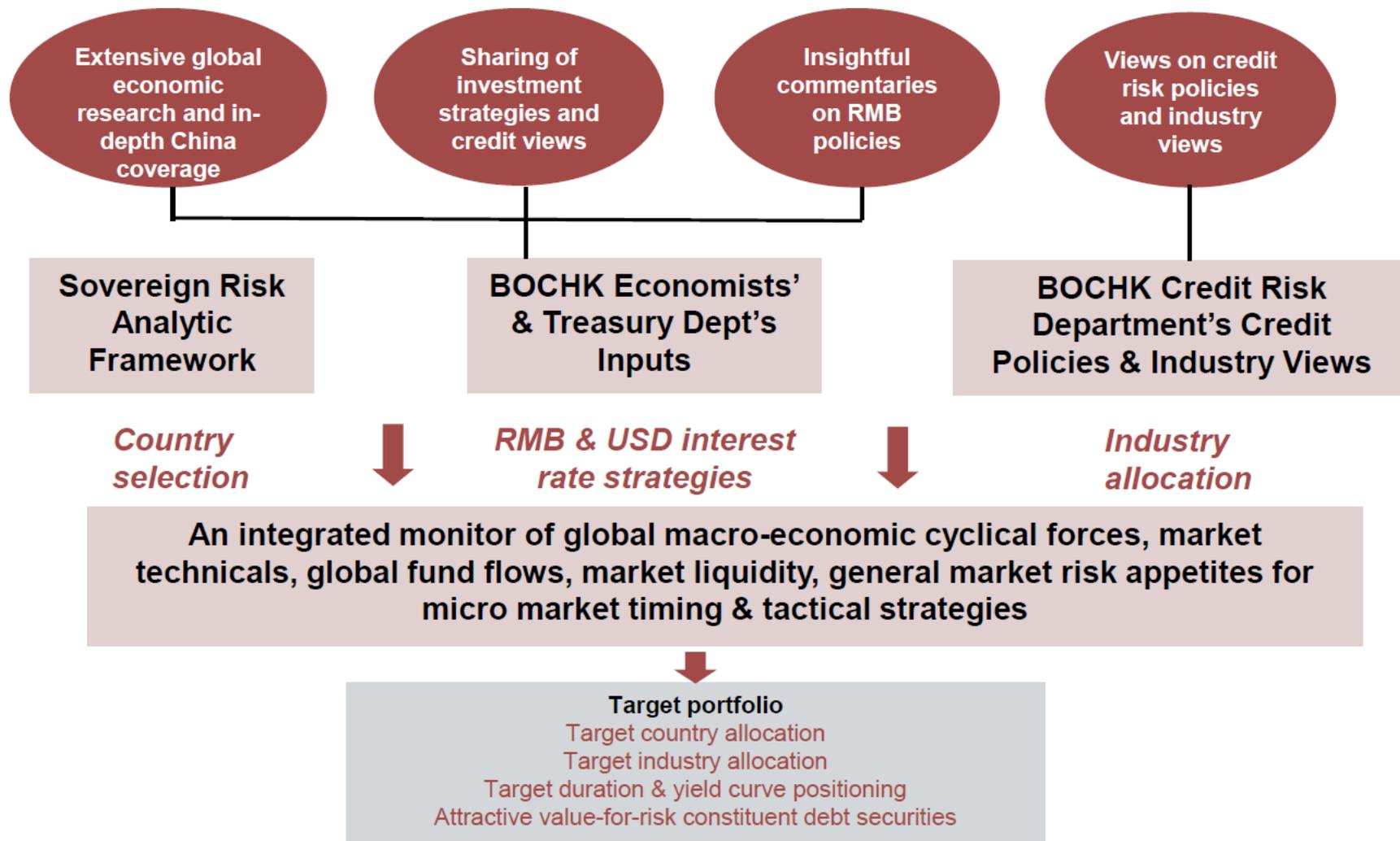


Investment Philosophy

	Pillars	Rationale
1	Benchmark aware, not benchmark driven	While we get reference to a benchmark to measure our investment performance, we endeavor not to blindly follow a benchmark when we see rising risks or opportunities. In most fixed income markets, benchmarks are driven by bond issuance activities by borrowers, which fail to reflect risk and return appetites of investors. When risks or opportunities arise, we are ready to take calculated deviations from a benchmark so as to better account for an investor's risk and return appetites.
2	Downside risk management	When we face serious market risk, we tend to be defensive so as to manage downside risk even though it would mean loss of upside potential.
3	Value for risk	We invest in bonds with yields that are high enough to compensate our clients for taking interest rate risk, credit risk and liquidity risk.
4	A global perspective	We always maintain a broad understanding of macroeconomics and geopolitics since what happens in another part of the world will also affect Asian and RMB bond markets.

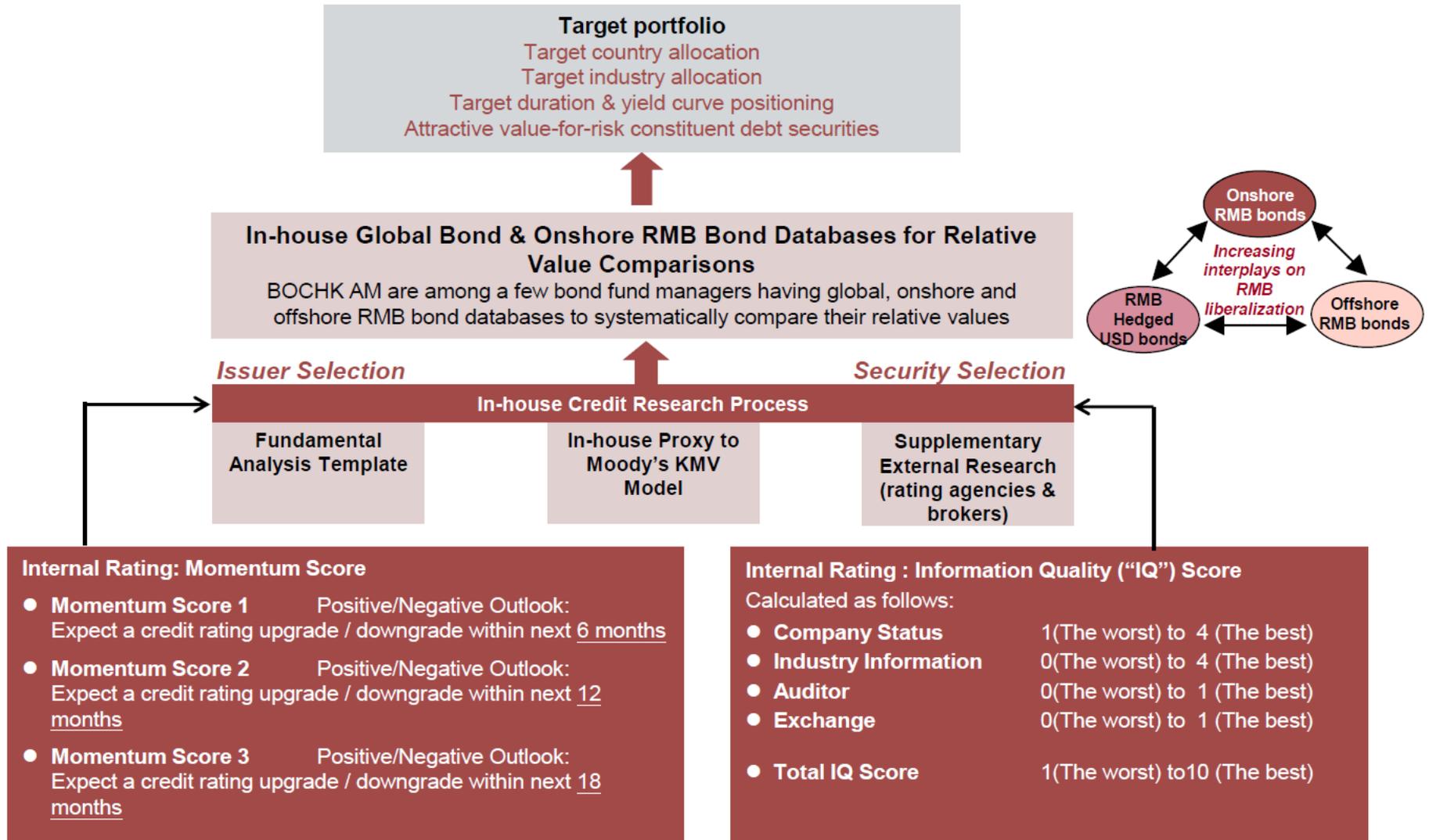


Fixed Income Investment Process: Top-Down Approach





Fixed Income Investment Process: Bottom-Up Approach





European Net Flows by Fund Sector – 2020/2021

Top 10 Fund Sub-Sector	NF 2020 (EUR Bln)
FI – Aggregates	20.5
Equities – Global Sectors & Themes	17
FI – Corporate IG	11.5
Equity – Global	10.6
Equity – Europe	8.5
Equity – EM Asia	7.5
Money Markets	5
FI – EM	4.8
Multi Asset – Flexible	4
Equity US	3.9

Source: Allfunds, Jan 2021

Fund Sector	NF Jan 2021 (EUR Mln)
Equity – Select & Themes	1.000
Equity US	900
Equity Europe	800
Equity Global	700
FI Convertibles	500
Equity EM Asia	500
FI Corp. High Yield	400
FI Corporate IG	-100
FI Aggregates	-100
FI Gov. Bonds	-300

Source: Allfunds, Jan 2021

Thanks!



Please contact if you have any questions.

Richard JIANG
Head of European Asset Management
Bank of China Asset Management Centre (Europe)
Email: jianghongquan@bankofchina.com

Fabio REGIS
Director – Product Development & Fund Sales
Bank of China Asset Management Centre (Europe)
Email: fabio.regis@bankofchina.com



Bank of China Europe S.A.
55, Boulevard Royal
L-2449, Luxembourg



Disclaimer

The present document constitutes neither an offer nor a solicitation to subscribe for shares in the sub-fund in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or invitation. It does not replace the prospectus and any other legal documents that can be obtained free of charge from the registered office of the funds. Any subscriptions not based on the latest prospectus and the latest annual or semi-annual reports of the fund shall not be acceptable.

Depending on the country, certain share classes may or may not be registered for public distribution. The registered share classes are recorded in a Key Investor Information Document (KIID). Investors are invited to inform themselves about the registered share classes or to request copies of the latest prospectus, annual and semi-annual report and the KIID free of charge, from Luxcellence Management Company S.A., 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg, or at the following address: www.luxcellence.com or from the local representative for their country. Registered Office Luxcellence Management Company S.A., 5, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

The securities and financial products described in this presentation and any associated material (collectively, the "Material") provided by Bank of China Limited ("BOC Ltd"), its subsidiaries, affiliates or group companies (collectively, "BOC group"), may not be relevant to all persons in all geographic locations. Only persons who are permitted by applicable law may possess the information and/or accept the securities and products described in the Material. Persons accessing these pages are required to ensure that they are aware of and will observe all relevant restrictions that may apply to them and are responsible for satisfying themselves that they may do so under relevant laws.

The information contained in the Material is for general reference and for information only. The information and data contained herein is provided on an "as is" basis without warranty of any kind and may be changed at any time without prior notice.

The estimations this document may contain have been undertaken according to generally accepted methodologies and should not be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. The opinions or estimations contained in this report only represent the judgment of the author as of the date hereof. They don't necessarily reflect the views of BOC Group. BOC Group may change the views or estimations without prior notice, and shall not be held liable for update, correction or revision of this report.

These pages should not be regarded as an offer, solicitation or recommendation to buy, sell, subscribe to or invest in any securities and financial products or investments in any jurisdiction to any person to whom it is unlawful to make such an invitation or solicitation in such jurisdictions.

With regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions on information contained in this document. No responsibility is held for any direct or indirect investment consequences as a result of the information provided in the document.

People reading the Material should consult their own professional advisers before making any investment in or decision to purchase any securities or financial products. It is not possible for the Material to disclose all of the risks and other significant aspects associated with the securities and products described herein. No person should deal in any such securities or financial products unless that person understands the nature of the relevant transaction and the extent of that person's exposure to potential loss. Each prospective investor should consider carefully whether the securities and products are suitable for it in the light of its circumstances and financial position. BOC Ltd strongly recommends that prospective investors should therefore consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of any securities and products.

The content of this document is protected by intellectual property laws and the copyright is exclusively owned by BOC Group. No individuals or institutions shall be allowed to copy, reproduce, extract, make available, publish, or use of any nature, by any means the whole or part of the content without written consent. In case of quotation, reference to BOC Group shall be given, and any quotation, abridgement and revision that deviate from the original meaning of the report shall be prohibited. Bank of China reserves the right to take legal actions on any violation and any quotation that deviates the original meaning of the document.