

Fixed Income Products

We would like to remind you on certain key product risks and product features for fixed income products:

Key risks of investing in bonds	
Holders of bonds, including plain-vanilla bonds, are subject to various risks, including but not limited to:	
Credit Risk	Investors assume risk of the issuer and the Guarantor (if applicable) defaulting on their obligations. Credit ratings assigned by credit rating agencies do not guarantee the creditworthiness of the issuer (and the guarantor). Any changes to the credit rating of the Issuer/Guarantor will affect the price and value of the bonds. The worst case such as bankruptcy of the Issuer/Guarantor will result in the loss of your entire investment.
Market Risk	The value of the bonds may rise or fall depending on various factors. Bonds are more susceptible to fluctuations in interest rates and generally prices of bonds will fall when interest rates rise. Investors may get back an amount substantially less than initially invested.
Currency Risk	For bonds denominated in a foreign currency, there may be an exchange loss when converting the redemption amount back to the local or base currency.
Liquidity Risk	Some bonds may not have active secondary markets and it would be difficult or impossible for investors to sell the bond before its maturity. Even if a secondary market exists, there can be no assurance at which a bid price would be made.
Key risks of investing in high-yield bonds/non investment grade bonds	
In addition to the generic risks listed above, investments in high-yield bonds/non investment grade bonds are subject to risks such as:	
Higher Credit Risk	Since they are rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default.
Vulnerability to economic cycles	During economic downturns such bonds typically fall more in value than investment grade bonds as (i) investors become more risk averse and (ii) default risk rises.
Bonds with special features	
Furthermore, some bonds may contain special features and risks that warrant special attention. These include bonds:	
That are callable and investors face reinvestment risk when the issuer exercises its right to redeem the bond before it matures.	
That have variable and/or deferral of interest payment terms and investors would face uncertainty over the amount and time of the interest payments to be received.	
That have extendable maturity dates and investors would not have a definite schedule of principal repayment.	
That are convertible or exchangeable in nature and investors are subject to both equity and bond investment risk.	
That have subordinated ranking and in case of liquidation of the issuer, investors can only get back the principal after other senior creditors are paid.	
That are perpetual in nature and do not have a maturity date. The interest pay-out depends on the viability of the issuer in the very long term. Coupon payments may be deferred or suspended subject to the terms and conditions of the issue. They are subordinated to debt but senior to common shares.	
That are contingent convertible or bail-in debentures. They are hybrid debt-equity instruments that may be permanently written off fully or partially or converted to common stock upon the occurrence of certain trigger events.	

Funds Investing in High-yield bonds/non investment grade bonds

Investors should be aware and pay particular attention to those funds that invest primarily in high-yield bonds/non investment grade bonds as:

1. High-yield bonds/non investment grade bonds funds will be subject to the risks associated with investments in bonds as stated from above (Section on Key risks of investing in fixed income products)
2. The net asset value of a fund that invested in high-yield bonds/non investment grade bonds may decline or be negatively affected if there is a default of any of the high yield bonds/non investment grade bonds that it invests in or if interest rates change

The special features and risks of high-yield bonds/non investment grade bonds funds may also include the following:

Key Product Risks for funds investing in high-yield bonds/non investment grade bonds	
Capital growth risk	Some high-yield bonds/non investment grade bonds funds may have fees and/or dividends paid out of capital. As a result, the capital that the funds has available for investment in the future and capital growth may be reduced.
Dividend distributions	Some high-yield bonds/non investment grade bonds funds may not distribute dividends, but instead reinvest the dividends into the fund or alternatively, the investment manager may have discretion on whether or not to make any distribution out of income and/or capital of the fund. Also, a high distribution yield does not imply a positive or high return on the total investment.
Other key risks	Some high-yield bonds/non investment grade bonds funds may relate to the relevant fund including concentration of investments in particular types of specialized debt or a specific geographical region or sovereign securities.

固定收益產品

請您留意有關固定收益產品所涉及的若干主要產品風險及產品特徵：

投資債券的主要風險	
債券(包括傳統債券)持有人面臨各種不同的風險，包括但不限於：	
信貸風險	投資者承擔發行人及擔保人(如適用)不履行責任的風險。信貸評級機構所授予的信貸評級並不對發行人(及擔保人)的信貸能力提供擔保。發行人/擔保人的信貸評級發生任何變化將會影響債券的價格及價值。如發生發行人/擔保人破產等最壞情況，將會導致您失去全部投資。
市場風險	債券價值可能因各種因素而出現起伏。債券更容易受到利率波動影響，且當利率上升時債券價格一般會下跌。投資者收回的金額可能大幅低於原先投資金額。
貨幣風險	就以外幣計價的債券而言，將贖回款項轉換為本地或基礎貨幣時可能會出現匯兌損失。
流動性風險	部分債券可能沒有活躍的二級市場，且在債券到期前投資者可能難以或不可能出售債券。 即使存在二級市場，亦不能保證會出現買價。
投資高收益債券/非投資級別債券的主要風險	
除了上述一般風險外，投資高收益債券/非投資級別債券亦面臨以下風險：	
更高的信貸風險	由於這類債券的評級都低於投資級別或未獲評級，因此通常面臨更高的發行人違約風險。
易受經濟週期影響	在經濟週期回落期間，此類債券的價值下跌幅度一般高於投資級別債券，原因是(i)投資者更加注重風險規避及(ii)違約風險上升。
特色債券	
此外，部分債券可能包含獨特特徵及風險，投資者需特別留意。其中包括以下類型債券：	
可贖回債券。當發行人行使其權利在到期前贖回債券時，投資者面臨再投資風險。	
擁有可變及/或遞延利息支付條款的債券。投資者在收取利息付款的金額及時間方面將會有不明朗因素。	
具有可延長到期日特徵的債券。投資者沒有確切的本金償還日期。	
具有可轉換或可交換性質的債券。投資者同時面臨股票及債券投資風險。	
後償債券。在發行人清盤時，投資者可能僅會在其他優先債券的債權人獲償之後方能收回本金。	
永續債券，並且無到期日。利息的派發取決於發行人極長期的可持續性。票息付款可能因發行條款及條件而延遲或暫停。	
償債次序方面，此類債券後於債務，但先於普通股。	
或然可轉換或紓因債權證。此類債券為混合型債務股權工具，當發生若干觸發事件時，其全數或部分價值或會被永久撤銷，或轉換為普通股。	

投資於高收益債券/非投資級別債券的基金

投資者應瞭解並特別留意主要投資於高收益債券/非投資級別債券的基金，由於：

1. 高收益債券/非投資級別債券基金將會面臨與投資債券有關的上述風險(有關投資固定收益產品的主要風險一節)
2. 倘若任何基金所投資的高收益債券/非投資級別債券出現違約或利率發生變動，則投資高收益債券/非投資級別債券的基金的資產淨值可能會下跌或受到負面影響

高收益債券/非投資級別債券基金的特徵及風險可能亦包括以下各項：

投資於高收益債券/非投資級別債券的基金的主要產品風險	
資本增長風險	部分高收益債券/非投資級別債券基金可能動用資本支付費用及 / 或派發股息。因此，那些基金可用於日後投資的資本以及資本增長可能會減少。
股息分派	部分高收益債券/非投資級別債券基金可能不會分派股息，改為而把股息重新投資於基金，或出現另一情況，投資經理可酌情決定是否分派基金的收入及 / 或資本。此外，高分派率並不意味著總投資有正或高回報。
其他主要風險	部分高收益債券/非投資級別債券基金可能與相關基金有關連，這包括集中投資於指定類型的特殊債務，或特定地區或主權證券。