

IMPORTANT RISK WARNINGS/FUND INFORMATION FOR INVESTORS

- The investment objective of the Fund is to achieve long term capital appreciation by investing at least 70% of its Net Asset Value in the securities of companies in the consumer industry with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited.
- The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- As the Fund invests principally in securities of companies in the consumer sector, such as industries involved in manufacture and distribution of goods and services to consumer, an investment in the Fund may be more vulnerable to price fluctuations of shares of companies in the consumer industry and other factors that particularly affect consumer industry as compared to an investment in a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Hong Kong and/or Mainland China.
- Investing in an emerging market (such as Mainland China) 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.
- The stock of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- Investments involve risks and investors may lose a substantial part of their investment in the Fund. There is no guarantee of the repayment of the principal invested.

Investors should not only base on this brochure alone to make investment decisions, but should read the Fund's offering documents (including the full text of the risk factors stated therein) in detail.



恒生投資

HANG SENG INVESTMENT

Hang Seng Consumer Sector FlexiPower Fund



Why invest in the Hang Seng Consumer Sector FlexiPower Fund?

If you are

- looking to capture growth opportunities in the consumer sector in mainland China and/or Hong Kong
- interested in gaining exposure to the Hong Kong equity market via fund investments

Hang Seng Consumer Sector FlexiPower Fund could be an investment choice for you!

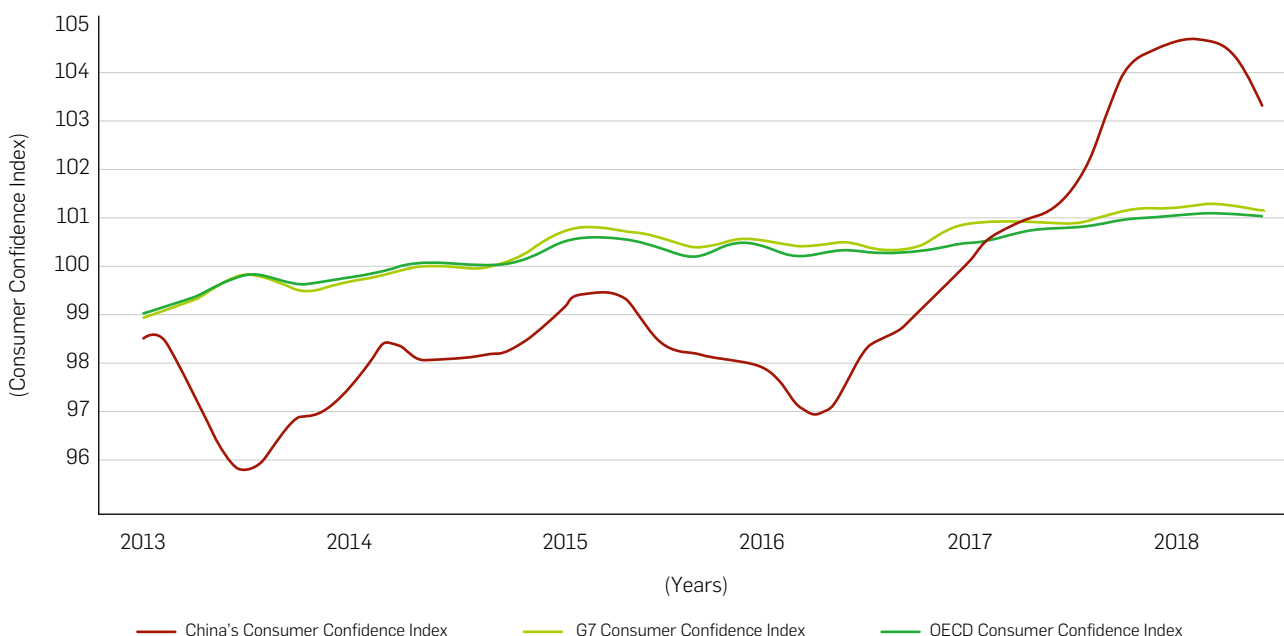
The investment objective of the Fund is to achieve long term capital appreciation by investing at least 70% of its Net Asset Value in the securities of companies in the consumer industry with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited. In addition, the Fund may also invest less than 30% of its Net Asset Value in the securities of companies in the consumer industry which are listed on other overseas exchanges.

Consumer Sector Growth Opportunities in Mainland China and Hong Kong¹

Sharp Rise of China's Consumer Confidence Index

In 2017, China's Consumer Confidence Index surpassed those of the Group of Seven ("G7") and the Organisation for Economic Co-operation and Development ("OECD"). In April 2018, China's Consumer Confidence Index was 104.61, compared with 101.21 and 101.05 for the G7 and OECD respectively.

Source: OECD, June 2018

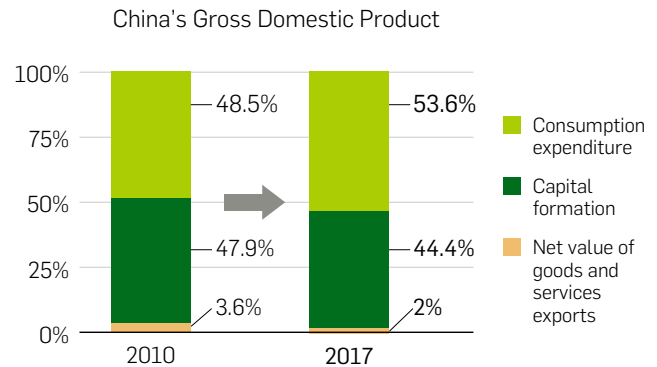


¹ The market related information provided in this section is for general reference only. The investments mentioned in this section may not be suitable for all investors. No consideration has been given to the investment objectives, investment experience, financial situation, risk tolerance abilities or particular needs etc of any individual investors. Hang Seng Investment Management Limited hereby discloses that the funds under its management include funds investing in the market mentioned in this section. Investments involve risks. Investors should read the relevant investment product's offering documents (including the risk factors stated therein) in detail before making any investment decisions.

Consumer Spending Becomes the Primary Driver of Economic Growth in China

In 2010, consumption expenditure and capital formation accounted for largely the same share, being 48.5% and 47.9% respectively, of the gross domestic product ("GDP") in China. Yet, the share of consumption expenditure of the GDP gradually climbed to 53.6% in 2016, overtaking the aggregate of net exports and capital formation as the primary driver of China's economic growth.

Source: National Bureau of Statistics of China, 20 July 2018



Per Capital Income Growth and Tax Reforms Fueling Spending Momentum in China

As at the end of 2016, China's population had grown to 1.38 billion, making it the most populated country in the world, while its aggregate household spending reached RMB29,444.3 billion. In recent years, the country's disposable income per capita has been rising rapidly from RMB18,311 in 2013 to RMB23,821 in 2016, representing an average annual growth of 9.1%. Meanwhile, household spending also grew sharply from RMB16,190 in 2013 to RMB21,285 in 2016, representing an average annual growth of 9.5%. Gains were recorded across all spending categories. According to the latest draft of the Amendments to the PRC Individual Income Tax published on the official website of the National People Congress as of 29 June 2018, it is proposed that the taxable personal income threshold be raised from the prevailing RMB3,500 to RMB5,000 per month. It is further proposed that additional allowances be provided for children education expenditure, continuing education expenditure, major illness medical expenses, home mortgage interest and residential rentals etc. In light of the per capital income growth and tax reforms in China, the outlook is positive for the spending momentum in the country.

Source: National Bureau of Statistics of China and World Bank, 20 July 2018



As of 2016, China's total population reached

1.38 billion



Aggregate household spending

RMB 2,944.43 billion



Per capita disposable income of Chinese residents

RMB 23,821

2016 23,821

2013 18,311

↑ 9.1%

Average annual growth

Retail Sector Recovering in Hong Kong

The value of total retail sales in the first half of 2018 amounted to HKD247.8 billion, up 13.4% compared with the same period in 2017. In particular, the jewellery, watches and valuable gifts category and the medicines and cosmetics category grew by 23.5% and 17.5% year-on-year respectively. In volume, the total retail sales increased by 11.8% year-on-year in the first half of 2018. According to the Census and Statistics Department of the Hong Kong Special Administrative Region, the relatively tight labour market, with the unemployment rate staying at 2.8% from May to July 2018, helped maintain a positive consumption sentiment in Hong Kong. Meanwhile, the number of visitors to Hong Kong also continued to grow steadily, sustaining the double-digit year-on-year growth in the value of total retail sales in June 2018.

Source: Census and Statistics Department, HKSAR, 1 August 2018

Retail industry in the first half of 2018



Total sales value

HKD247.8 billion

↑ 13.4%

Compared to the same period in 2017



Jewellery, watches and valuable gifts category

↑ 23.5%



Medicine and cosmetics category

↑ 17.5%

Capturing Investment Opportunities in the Consumer Sector from Multiple Aspects

The Fund is exposed to various securities of companies in the consumer industry in mainland China and/or Hong Kong which are listed in Hong Kong to capture investment opportunities arising from the expansion of domestic consumption in the PRC and spending growth in Hong Kong. As of 31 July 2018, the Fund's industry distribution mainly covered Food & Beverages, Health Care, Consumer Goods, and Automobiles & Components.²

² As stated in the Product Key Facts Statement and the Term Sheet of the Fund, the Fund does not intend to have an investment focus in terms of its choice of companies by size. In order to maximise return for investors, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator. The investment portfolio of the Fund may change from time to time. For information on the asset allocation and top holdings etc of the Fund, please refer to the Fund's monthly factsheet (available at www.hangsenginvestment.com (this website has not been reviewed by the SFC)).

Active Portfolio Management via Quantitative and Qualitative Analysis

With the investment objective being long term capital appreciation, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator.

Fund Information

Objective and Investment Strategy

The investment objective of the Fund is to achieve long term capital appreciation by investing at least 70% of its Net Asset Value in the securities of companies in the consumer industry with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited. In addition, the Fund may also invest less than 30% of its Net Asset Value in the securities of companies in the consumer industry which are listed on other overseas exchanges.

The Fund does not intend to have an investment focus in terms of its choice of companies by size.

In order to maximise return for investors, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator.

Financial derivative instruments will not be used extensively for investment purpose.

Manager	Hang Seng Investment Management Limited
Trustee & Registrar	HSBC Institutional Trust Services (Asia) Limited
Base Currency	HKD
Dealing Frequency	Daily ³
Dividend Policy	No distribution, any income received by the Fund will be accumulated and reflected in the Unit price
Minimum Subscription Amount (lump sum)	As determined by the Authorised Distributor(s) of the Fund
Ongoing charges over a year⁴	1.93%
Financial year end of the Fund	31 December

³ Generally, Dealing Day is any day (except Saturday) on which banks in Hong Kong are open for normal banking business. Please refer to the Explanatory Memorandum of the Hang Seng Investment Series for the full definition of "Dealing Day".

⁴ The ongoing charges figure is based on annualised ongoing expenses for the half-year ended 30 June 2018 expressed as a percentage of the Fund's average NAV for the same period. It includes the fees of the Manager and the Trustee. Please refer to the "Charges and Expenses" section in the Explanatory Memorandum of the Hang Seng Investment Series and the Term Sheet of the Fund respectively for details. This figure may vary from year to year.

Fees and Charges

Subscription Fee⁵	Up to 4.0% of the issue price of the Fund
Switching Fee⁵	Up to 2.0% of the issue price of the Fund
Redemption Fee	Nil
Performance Fee (Incentive Fee)	Currently waived ⁶
Management Fee⁷ (annual rate)	Up to 1.5%
Trustee Fee⁷ (annual rate)	Calculated on a sliding scale as follows: Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000

⁵ Please contact the Authorised Distributor(s) of the Fund for details.

⁶ The Manager may levy a performance fee (an incentive fee) for Class A1 Units by giving 3 months' prior notice to relevant Unitholders. For details of the performance fee (incentive fee), please refer to the Term Sheet of the Fund.

⁷ Please note that the annual rate stated is the maximum rate that can be charged currently as specified in the Term Sheet of the Fund. It may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum of the Hang Seng Investment Series by giving 1 month's prior notice to relevant Unitholders.

Key Risk Factors of the Fund

Investors should consider the following risks together with all other information in the Term Sheet, the Product Key Facts Statement of the Fund and the Explanatory Memorandum of the Hang Seng Investment Series before making any investment decisions. Investors should note that the risk factors as mentioned in the Term Sheet, the Product Key Fact Statement and the Explanatory Memorandum of the Hang Seng Investment Series are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may rise, or fall due to any of the key risk factors as mentioned in the Explanatory Memorandum of the Hang Seng Investment Series, the Product Key Facts Statement and the Term Sheet of the Fund. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should consult their investment adviser and obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

General Investment Risk

The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

Currency Risk

Where the underlying investments of the Fund are denominated in currencies other than the base currency of the Fund, the Net Asset Value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the Fund's base currency and by changes in exchange rate controls.

Equity Market Risk

The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Concentration Risk

As the Fund invests principally in securities of companies in the consumer sector, such as industries involved in manufacture and distribution of goods and services to consumer, an investment in the Fund may be more vulnerable to price fluctuations of shares of companies in the consumer industry and other factors that particularly affect consumer industry as compared to an investment in a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Hong Kong and/or mainland China.

General Risks of Investments associated with an Emerging Market

Investing in an emerging market (such as mainland China) 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.

Risk associated with Small-capitalisation/Mid-capitalisation Companies

The stock of small-capitalisation/mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisations companies in general.

PRC Tax Risk

The Fund may be subject to PRC Enterprise Income Tax and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities. The Manager reserves the right to make relevant provision on such incomes (if any) if so warranted.

The Manager currently does not make withholding income tax provision for gross realised or unrealised capital gains derived from trading of H-shares and/or certain red chip shares.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of investments in the PRC via QFII quota or the Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value. If taxes are levied in future on the Fund for which no provision is made, the Fund's NAV will be adversely affected. In this case, the then existing and subsequent investors will be disadvantaged.

Risks associated with Investment in FDI

Risks associated with financial derivative instruments ("FDI") include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Fund. Exposure to FDI may lead to a high risk of significant loss by the Fund.

Investors should refer to the details of the risk factors in the Term Sheet, the Product Key Facts Statement of the Fund and the Explanatory Memorandum of the Hang Seng Investment Series.

For more information, please visit www.hangsenginvestment.com⁸

⁸ This website has not been reviewed by the SFC.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the Fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decisions.

The Fund has been authorised by the Securities and Futures Commission in Hong Kong ("SFC"). SFC authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

This brochure has not been reviewed by SFC.

The issuer of this brochure is Hang Seng Investment Management Limited.

