# GLOSSARY OF TECHNICAL TERMS

***This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.***

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| "ABS" | asset-backed securities |
| "Alpha" | a risk-adjusted performance measure that quantifies the excess return of an investment portfolio or security relative to a benchmark index, after accounting for systematic risk (beta). It represents the value added by active management beyond what could be achieved through passive exposure to market movements. |
| "asset rotation effect" | the phenomenon in financial markets where capital cyclically shifts among different asset classes (e.g., equities, bonds, commodities, real estate) based on changes in macroeconomic conditions, monetary policies, market sentiment, or relative valuation disparities. This rotation drives alternating periods of outperformance and underperformance across sectors or asset categories, creating dynamic return dispersion and influencing portfolio allocation decisions |
| "AUM" | the amount or value of assets under management |
| "beneficiary certificate" | a legal document that formally identifies the person or entity (the beneficiary) who is entitled to receive benefits, assets, or proceeds from a financial instrument, trust, insurance policy, or estate |
| "barbell strategy" | an investment and risk management approach that involves allocating capital to two extremes of the risk spectrum |
| "blind pool fund" | an investment fund (typically in private equity, venture capital, or real estate) where investors commit capital without knowing the specific underlying assets or companies the fund will invest in at the time of commitment. Instead, investments are made based on the fund's broad investment strategy, sector focus, and the track record of the fund manager |
| "bps" | basis points, whereby 1 basis point equals to 0.01% |
| "CAGR" | compound annual growth rate |
| "ChiNext" | the growth enterprise board launched by the Shenzhen Stock Exchange |
| "closed-end fund" | a fund whose total number of shares remains fixed throughout the term of the fund contract and whose shares may not be redeemed. |
| "collective asset management scheme" or "collective asset management plan" | an asset management contract entered into with multiple clients by an asset manager in China, pursuant to which the clients' assets are placed in the custody of commercial banks qualified to hold client transaction settlement funds or in other institutions approved by the CSRC, and the asset manager provides asset management services to the clients through designated accounts |
| "commodity futures" | agreements to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future |
| "corporate bonds" | securities issued by companies in accordance with the PRC Company Law and the statutory procedures, with the agreement to repay principal and interest within a specified period |
| "CPI" | consumer price index |
| "credit bonds" | debt instruments issued by corporations or financial institutions that rely solely on the issuer's creditworthiness for repayment, not government backing with relatively higher |

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| | yields than government bonds but carrying greater default risk including enterprise bonds, corporate bonds, ABS, medium-term notes, short-term commercial papers private placement notes, international institution bonds, project revenue notes, negotiable certificates of deposit, etc |
| "CSI 300 Index" | a capitalization-weighted stock market index compiled by the China Securities Index Co., Ltd. to replicate the performance of 300 stocks traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange |
| "DDoS" | distributed denial of service, a cyberattack that attempts to overwhelm a server, service, or network with a flood of internet traffic from multiple compromised systems, causing it to become slow or completely crash |
| "enterprise bonds" | securities issued by enterprises (typically institutions affiliated with a department of the central government or a state-owned enterprise) per legal procedures of Regulations on the Administration of Enterprise Bonds with the agreement to repay principal and interest within a specified period |
| "ETFs" | exchange-traded funds |
| "exchange-traded options" | standardized, exchange-listed derivative contracts |
| "FICC" | fixed income, currencies and commodities |
| "FI+" or "fixed income plus" | an investment strategy that combines a core portfolio of traditional fixed income assets (such as bonds) with a smaller allocation to other assets including convertible bonds, exchangeable bonds, funds, REITs, commodities, equities, and derivatives, with a view to balancing returns and risks while achieving the goal of optimizing the investment portfolio |
| "financial bonds" | securities issued by banks and non-bank financial institutions in accordance with statutory procedures, with the agreement to repay principal and interest within a specified period |
| "FOF" | fund of funds, an investment fund that pools money from investors to buy units of other underlying funds |
| "GFA" | gross floor area |
| "inter-bank bond market" | an over-the-counter market in which admitted participants agree on trades using a common trading platform, trades using a market-maker, or conclude trades between themselves via phone or other means |
| "interest rate bonds" | is a category of bonds which refers to debt securities issued by government or government-related entities, including government bonds, local government bonds, policy bank financial bonds, and central bank bills, etc, where the primary risk is interest rate risk (caused by market rate fluctuations) rather than credit risk |
| "interest rate swap" | derivative transactions in which two parties agree to exchange streams of interest payments |
| "IPO" | initial public offering |
| "IT" | information technology |
| "IP" | intellectual properties |
| "KRI" | key risk indicators, quantifiable metrics used as an early warning system to signal potential threats that could negatively impact an organization's goals, financial stability, or operations |

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| "LTV ratio" | loan-to-value ratio, the balance of stock-backed lending as of the end of a given period divided by the market value of collaterals for such business |
| "M&A" | mergers and acquisitions |
| "margin financing and securities lending" | provision of collateral by investors to securities firms who are qualified for conducting margin financing and securities lending business to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending) |
| "market making" | the activity of providing liquidity to financial markets by continuously quoting both buy and sell prices for a given security |
| "money market fund" | a type of mutual fund that invests in highly liquid, short-term debt securities |
| "MSCI China Index" | MSCI China Index, which is a stock market index that represented more than 500 large and medium Chinese companies constituents across various share classes and listings, including A shares, B shares, H shares, and foreign listings such as ADRs |
| "NEEQ" | National Equities Exchange and Quotations (全國中小企業股份轉讓系統) |
| "Net Capital" | equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognized or approved by the CSRC, which reflects the amount of funds that a securities company can liquidate to meet payment obligations and address risks under extreme circumstances |
| "non-consolidated funds" | non-consolidated funds refer to investment vehicles (such as private equity funds, hedge funds, real estate funds, or managed investment schemes) where the fund manager does not consolidate the fund's financial statements into its own group financial statements. |
| "open-end fund" | a fund whose total number of shares is not fixed during the term of the fund contract, and whose shares can be subscribed or redeemed at the times and locations specified in the fund contract |
| "OTC" | over-the-counter |
| "OTC option" | options traded in the over-the-counter market between two parties, negotiated directly and not on a traditional exchange |
| "PMI" | purchasing managers index |
| "PPI" | producer price index |
| "PRC GAAP" | Generally Accepted Accounting Principles in the People's Republic of China |
| "QDII" | Qualified Domestic Institutional Investors (合格境內機構投資者) as approved by the CSRC |
| "QFII" | Qualified Foreign Institutional Investors (合格境外機構投資者) as approved by the CSRC |
| "REITs" | real estate investment trusts |
| "SAC" | Securities Association of China (中國證券業協會) |
| "Shanghai-Hong Kong Stock Connect" | a securities trading and clearing links program developed by the Hong Kong Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai |

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| "Shenzhen-Hong Kong Stock Connect" | a securities trading and clearing links program developed by the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen |
| "single asset management scheme" or "single asset management plan" | a single asset management contract entered into by an asset manager in China, pursuant to which the asset manager provides asset management services to the client through accounts under the client' s name |
| "SOE" | state-owned enterprise |
| "specialized asset management scheme" or "specialized asset management plan" | a specialized asset management contract entered into with client(s) by an asset manager in China, pursuant to which the asset manager manages client assets for specific purpose |
| "sponsor representative" | a professional representative qualified in China to sponsor and execute the offering and listing of securities pursuant to the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities (證券發行上市保薦業務管理辦法) |
| "SSE 180 Index" | Shanghai Stock Exchange 180 Index, which is a stock index that represents the top 180 largest and most liquid A-share stocks listed on the Shanghai Stock Exchange |
| "STAR Market" | the Science and Technology Innovation Board (科創板) of the Shanghai Stock Exchange |
| "stock-backed lending" | a transaction in which a securities firm provides financing to qualified clients who pledge their stocks as collateral |
| "stock index futures" | financial contracts that allow the buy and sell of a specific stock index, at a predetermined price on a future date |
| "subordinated bonds" | a type of debt that ranks below senior debt, loans and bonds in |
| "total return swap" or 'TRS" | financial contracts that enables one party to receive payments based on a set rate, while the other party gains from the total return of a reference asset, such as an equity index, a basket of loans, or bonds |
| "treasury futures" | standardized contracts to buy or sell government debt (notes and bonds) at a future date for a predetermined price |
| "VaR" | value at risk, a statistical measure used to estimate the potential loss of an investment portfolio over a defined period and at a given confidence level |