

Product Key Facts

iShares CORE KOSPI 200 ETF

BlackRock Asset Management North Asia Limited

30 April 2021

This is a passive exchange traded fund.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	09170 USD counter	03170 HKD counter	83170 RMB counter
Trading lot size:	100 units (for USD, HKD and RMB counters)		
Manager:	BlackRock Asset Management North Asia Limited		
Trustee, Registrar and Custodian:	HSBC Institutional Trust Services (Asia) Limited		
Ongoing charges over a year[#]:	0.30%		
Tracking difference of the last calendar year^{##}:	-0.52%		
Underlying Index:	KOSPI 200 Capped 30% Net Total Return USD Index		
Base currency:	US dollars (USD)		
Trading currency:	USD, HKD, RMB		
Financial year end of this fund:	31 December		
Distribution policy:	Annually, at the Manager's discretion (usually in November/December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. All units will receive distributions in the Base Currency (USD) only. Please refer to "Other currencies distributions risk" and "Distributions payable out of capital or effectively out of capital risk" on page 6 below.		
ETF website:	www.blackrock.com/hk (Please refer to the section Additional Information on how to access the product webpage)		

What is this product?

This is a fund constituted in the form of a unit trust established under Hong Kong law and is a sub-fund of the iShares Asia Trust. The units of the iShares Core KOSPI 200 ETF (the "**KOSPI 200 ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks. The KOSPI 200 ETF is a passively managed index tracking ETF falling under Chapter 8.6 of the Code.

The ongoing charges figure for the KOSPI 200 ETF is based on expenses for the year ended 31 December 2020. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the KOSPI 200 ETF expressed as a percentage of the average Net Asset Value.

This is the actual tracking difference of the calendar year ended 31 December 2020. Investors should refer to the website of the KOSPI 200 ETF for more up-to-date information on actual tracking difference.

Objective and Investment Strategy

Objective

The KOSPI 200 ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the KOSPI 200 Capped 30% Net Total Return USD Index (the “**Underlying Index**”).

Investment Strategy

The KOSPI 200 ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the securities with a high correlation to the Underlying Index (either directly or indirectly) selected by the Manager.

The KOSPI 200 ETF will invest primarily in securities included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the KOSPI 200 ETF achieve its investment objective. The KOSPI 200 ETF may also invest in investments including futures contracts, index futures contracts, options on futures contracts and options related to its Underlying Index, local currency and forward currency exchange contracts, swaps and cash and cash equivalents for both non-hedging purposes and hedging purposes, which the Manager believes will help the KOSPI 200 ETF achieve its investment objective. The KOSPI 200 ETF may invest in financial derivative instruments (“**FDIs**”) for non-hedging purposes subject to the limit that the KOSPI 200 ETF’s net derivative exposure does not exceed 50% of KOSPI 200 ETF’s Net Asset Value (“**NAV**”).

The Manager may switch between the representative sampling and the full replication investment strategies without notice to investors and in its absolute discretion. A full replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The Manager may invest in other physical exchange traded fund(s) (“**ETFs**”) tracking indices that are closely correlated to the Underlying Index for cash management and contingency purposes, where, subject to market conditions, investing in physical ETFs is in the best interest of unitholders. The KOSPI 200 ETF may invest up to 10% of its NAV in one or more underlying ETFs which are non-eligible schemes or not authorised by the SFC and up to 30% of its NAV in each underlying ETF which are eligible schemes or authorised by the SFC, including those which are managed by the Manager or its Connected Persons or other third parties. The Manager intends to treat such underlying ETFs as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

The KOSPI 200 ETF currently does not intend to engage in any securities financing transactions or other similar over the counter transactions. One month’s prior notice will be given to Unitholders in the event the Manager intends to engage in such transactions.

Underlying Index

The Underlying Index is a free float-adjusted market capitalisation weighted index based on 200 blue chip companies listed on the Korea Stock Market, which are selected on the basis of such factors as their market and sector representation and liquidity. It is calculated and maintained by the Korea Exchange. The Underlying Index is a net total return index, meaning that the performance of the Underlying Index is calculated on the basis that dividends net of tax are reinvested.

The Underlying Index was launched on 11 January 2016 and is denominated in United States Dollars (USD). The base date of the Underlying Index is 3 January 2011.

As at 31 March 2021, the Underlying Index had a total market capitalization of USD1,094.25 billion and was comprised of 200 constituent companies.

The Manager and its connected persons are independent of the index provider of the Underlying Index.

For details (including the last closing index level, constituents of the Index and their respective weightings, and other important news), please refer to the index website at <http://eng.krx.co.kr> (this website has not been reviewed by the SFC).

The Bloomberg ticker of the Underlying Index is KSP2NTRU.

Use of derivatives/investment in derivatives

The KOSPI 200 ETF's net derivative exposure may be up to 50% of the KOSPI 200 ETF's NAV.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. General investment risk

The KOSPI 200 ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the KOSPI 200 ETF may suffer losses. There is no guarantee of the repayment of principal.

2. Equity market risk

The KOSPI 200 ETF'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.

3. Concentration risk and South Korea political and economic risks

- Exposure of the KOSPI 200 ETF is concentrated in the South Korean market and a greater portion of its assets may be represented in a single security or group of securities. As a result, the KOSPI 200 ETF may be more volatile than funds having a more diversified portfolio of investments and can perform differently from the market as a whole. The value of the KOSPI 200 ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the South Korean market.
- In particular, the KOSPI 200 ETF's investments in South Korea may involve risks associated with the potential intervention on foreign exchange rates, counterparty risks, a more volatile market and the risk that some assets in the portfolio have a limited liquidity. Such risks may affect the value of the assets of the KOSPI 200 ETF.
- The KOSPI 200 ETF's investments in South Korea may also involve risks associated with the restrictions imposed on foreign investors, for example, foreign ownership limits, which can apply in respect of Korean securities issued by certain types of companies such as public utility companies, state run companies etc. Any such restrictions may have adverse effects on the liquidity and performance of the KOSPI 200 ETF as compared to the performance of the KOSPI 200 Capped 30% Net Total Return USD Index. This may increase the risk of tracking error and, at the worst, the KOSPI 200 ETF may not be able to achieve its investment objective.

4. Foreign exchange risk & RMB currency and conversion risk

- The majority of underlying investments of the KOSPI 200 ETF will be denominated in the Korean Won ("KRW"), instead of USD, the Base Currency of the KOSPI 200 ETF. The NAV of the KOSPI 200 ETF may be affected unfavourably by fluctuations in the exchange rate between KRW and USD and by changes in exchange rate controls.
- The KOSPI 200 ETF's Base Currency is in USD but has units traded in HKD and RMB (in addition to USD). Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and the HKD or RMB trading currency when trading units in the secondary market.
- Furthermore, RMB is currently not freely convertible and is subject to exchange controls and restrictions. Investors in the secondary market who buy and sell units traded in RMB are exposed to foreign exchange currency risks arising from the fluctuations between the Base Currency (i.e. USD) and RMB.

5. Investment in ETFs risk

- The KOSPI 200 ETF will be subject to the risks associated with the underlying ETFs it invests in. The KOSPI 200 ETF does not have control of the investments of the underlying ETFs and there is no assurance that the investment objective and strategy of the underlying ETFs will be successfully achieved which may have a negative impact to the NAV of the KOSPI 200 ETF. Any tracking error of these ETFs will also contribute to the tracking error of the KOSPI 200 ETF.
- The underlying ETFs may not be regulated by the SFC. There may be additional costs involved when investing into these underlying ETFs.

6. Risks associated with investment in FDIs

Risks associated with 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 KOSPI 200 ETF. Exposure to FDI may lead to a high risk of significant loss by the KOSPI 200 ETF.

7. Passive investment risk

The KOSPI 200 ETF is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the KOSPI 200 ETF. Falls in the Underlying Index are expected to result in corresponding falls in the value of the KOSPI 200 ETF.

8. Tracking error risk

The KOSPI 200 ETF may be subject to tracking error risk, which is the risk that its performance may not track that of the Underlying Index exactly. This tracking error may result from the investment strategy used, fees and expenses, liquidity of the index constituents and changes to the Underlying Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

9. Trading differences risks

- As the Korean Stock Exchange may be open when units in the KOSPI 200 ETF are not priced, the value of the securities in the KOSPI 200 ETF's portfolio may change on days when investors will not be able to purchase or sell the units.
- Differences in trading hours between the Korean Stock Exchange and the SEHK may also increase the level of premium or discount of the unit price to its NAV.

10. Trading risks

- The trading price of the units on the SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units may trade at a substantial premium or discount to the KOSPI 200 ETF's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units on the SEHK, investors may pay more than the NAV per unit when buying units on the SEHK, and may receive less than the NAV per unit when selling units on the SEHK.

11. Multi-counter risks

If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter only, which may inhibit or delay an investor dealing. The market price of units traded in each counter may deviate significantly. As such, investors may pay more or receive less when buying or selling units traded in one counter on the SEHK than in respect of units traded in another counter.

12. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the units traded in each counter and that at least one market maker to each counter gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the units on any counter. There is also no guarantee that any market making activity will be effective.
- There may be less interest by potential market makers making a market in units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the units.

13. Other currencies distributions risk

All units will receive distributions in the Base Currency (USD) only. In the event that a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from USD to HKD, RMB or any other currency. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.

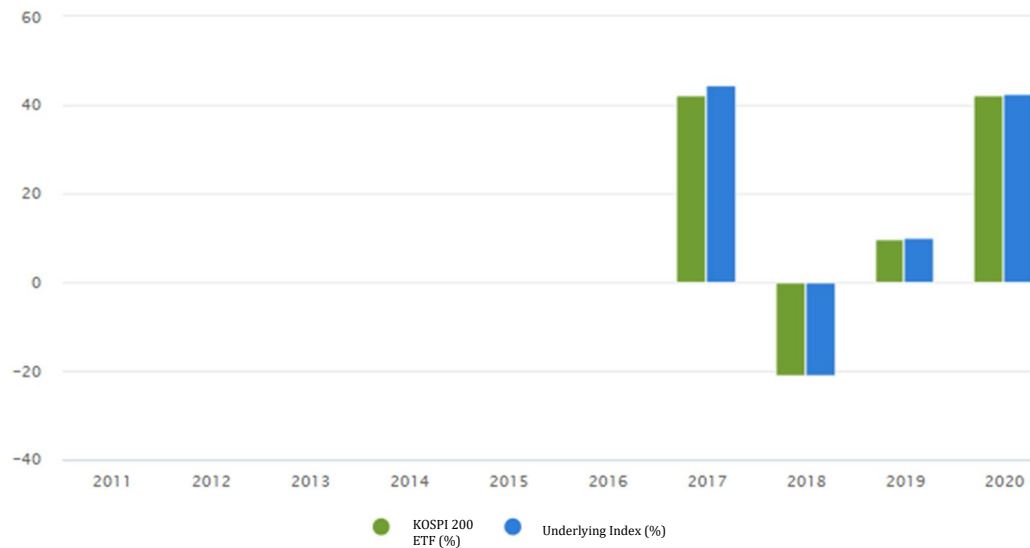
14. Distributions payable out of capital or effectively out of capital risk

The Manager may at its discretion pay distributions out of capital, or effectively out of capital, of the KOSPI 200 ETF. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per unit.

15. Termination risk

The KOSPI 200 ETF may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the KOSPI 200 ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. Investors may not be able to recover their investments and suffer a loss when the KOSPI 200 ETF is terminated.

How has the fund performed?



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
KOSPI 200 ETF Return (%)	-	-	-	-	-	-	42.47	-21.18	9.71	42.25
Underlying Index Return (%)	-	-	-	-	-	-	44.53	-21.11	10.16	42.78

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the KOSPI 200 ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the KOSPI 200 ETF, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: KOSPI 200 Capped 30% Net Total Return USD Index.
- Launch date of KOSPI 200 ETF: 22 June 2016.

Is there any guarantee?

The KOSPI 200 ETF does not have any guarantees. You may not get back the amount of money you invest.

What are the fees and charges?**Charges incurred when trading the KOSPI 200 ETF on SEHK**

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% ¹ of the trading price
Trading fee	0.005% ² of the trading price
Stamp duty	Nil
Inter-counter transfer fee	HKD5 per instruction

Ongoing fees payable by the KOSPI 200 ETF

The following expenses will be paid out of the KOSPI 200 ETF. They affect you because they reduce the net asset value of the KOSPI 200 ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
Management fee	0.30% p.a. of net asset value calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

Other Fees

You may have to pay other fees when dealing in the units of the KOSPI 200 ETF. Please refer to the Prospectus for fees and expenses applicable to investing in the KOSPI 200 ETF.

¹ Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

² Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.

Additional information

You can find the following information of the KOSPI 200 ETF at www.blackrock.com/hk.

- The KOSPI 200 ETF's Prospectus and this statement (as revised from time to time);
- Latest annual audited financial reports and interim half yearly unaudited financial report;
- Last NAV (in the Base Currency only i.e. USD) and last NAV per unit (in each of the trading currencies i.e. USD, HKD and RMB);
- Near real time indicative NAV per unit throughout each dealing day (in each of the trading currencies i.e. USD, HKD and RMB);
- The KOSPI 200 ETF's holdings (updated on a daily basis);
- The past performance of the KOSPI 200 ETF;
- Public notices and announcements made by the KOSPI 200 ETF;
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the KOSPI 200 ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

Please note that the near real time indicative NAV per Unit (in each of the trading currencies i.e. USD, HKD and RMB) and the last NAV per Unit in HKD and RMB are for reference only. The near real time indicative NAV per Unit in HKD and RMB does not use a real time exchange rate between the Base Currency (i.e. USD) and each of the trading currencies (i.e. HKD and RMB). It is calculated using the indicative NAV per Unit in USD multiplied by the WM Reuters 4:00p.m (London time)* rate for HKD and RMB (CNH) respectively for the previous Dealing Day. The last NAV per Unit in HKD and RMB is calculated using the last NAV per Unit in the Base Currency (i.e. USD) multiplied by the WM Reuters 4:00p.m (London time)* rate for HKD and RMB (CNH) respectively for that Dealing Day.

All of the information outlined above can be found on the product webpage of the KOSPI 200 ETF. The product webpage of the KOSPI 200 ETF can be located by using the search function and inserting the ticker number of the KOSPI 200 ETF (i.e. 03170, 83170 or 09170) at www.blackrock.com/hk. Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

**Please note 4:00p.m (London time) (i) during British Summer Time is equivalent to 11:00p.m Hong Kong Time and (ii) otherwise is equivalent to 12:00a.m. Hong Kong Time*

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.