

# PRODUCT KEY FACTS

## ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF

Issuer: China Asset Management (Hong Kong) Limited

*A sub-fund established under the ChinaAMC Global ETF Series*



April 2022

***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

<b>Stock Code:</b>	3157
<b>Trading Lot Size:</b>	200 Units
<b>Manager:</b>	China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司
<b>Trustee and Registrar:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	2.43%
<b>Tracking difference of the last calendar year<sup>##</sup>:</b>	1.43%
<b>Underlying Index:</b>	Hang Seng Stock Connect Hong Kong SmallCap Index
<b>Trading Currency:</b>	Hong Kong dollars (HKD)
<b>Base Currency:</b>	Hong Kong dollars (HKD)
<b>Distribution Policy:</b>	The Manager intends to distribute income to Unitholders at least annually (usually in October) having regard to the Sub-Fund's net income after fees and costs. Distributions will only be paid from net income after deduction of all fees and costs and no distributions will be paid out of or effectively out of the capital of the Sub-Fund.
<b>Financial Year End of this Fund:</b>	31 December
<b>ETF Website:</b>	<a href="http://www.chinaamc.com.hk/en/products/etf/hang-seng-stock-connect-hong-kong-smallcap/fund-details.html">http://www.chinaamc.com.hk/en/products/etf/hang-seng-stock-connect-hong-kong-smallcap/fund-details.html</a>

### What is this product?

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF (the “**Sub-Fund**”) is a sub-fund of ChinaAMC Global ETF Series, an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively-managed ETF falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the SFC. Units of the Sub-Fund (the “**Units**”) are traded on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) like stocks.

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2021. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the average Net Asset Value.

<sup>##</sup> This is the actual tracking difference of the calendar year ended 31 December 2021. Investors should refer to the website of the Sub-Fund for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng Stock Connect Hong Kong SmallCap Index (the “**Index**”).

### Strategy

In seeking to achieve the Sub-Fund’s investment objective, the Manager will primarily use a full replication strategy through investing directly in Securities included in the Index in substantially the same weightings in which they are included in the Index.

The Manager may also use a representative sampling strategy where it is not possible to acquire certain Securities which are constituents of the Index due to restrictions or limited availability. This means that the Sub-Fund will invest directly in a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index. The Securities constituting the representative sample may or may not themselves be constituents of the Index.

The Sub-Fund may also invest not more than 5% of its NAV in money market instruments and in cash deposits for cash management purpose.

As a result of corporate actions of constituent companies of the Index, securities that are not constituents of the Index, including but not limited to equity securities, debt securities, convertible bonds and other derivative instruments, may be held by the Sub-Fund. Holdings of such securities will not exceed 10% of the NAV.

Apart from those received in corporate actions as described above, currently the Manager has no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. There is no current intention for the Sub-Fund to engage in securities lending, sale and repurchase transaction, reverse repurchase transactions or other similar over-the-counter transactions, but this may change in light of market circumstances. The Manager will seek the prior approval of the SFC (if required) and provide at least one month’s prior notice to Unitholders before engaging in any such investments.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions and its policy regarding securities lending, repurchase transaction or other similar over-the-counter transactions set out in Schedule 1 of the Prospectus.

### Index

The Index is a price return index (meaning that the performance of the Index is calculated on the basis that dividends are not reinvested) and a free float adjusted market capitalisation weighted index that is sponsored by Hang Seng Indexes Company Limited (the “**Index Provider**”). The Index Provider is responsible for the calculation and dissemination of the Index. The Index aims to reflect the overall performance of the the stocks of the smallcap sector listed in Hong Kong that are eligible for trading via the southbound trading link of the Stock Connect. The Sub-Fund does not invest via the Stock Connect.

The “**Stock Connect**” is the securities trading and clearing linked programme developed by the HKEx, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the China Securities Depository and Clearing Co., Ltd, with an aim to achieve mutual stock market access between mainland China and Hong Kong, which comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

The inception date of the Index was 5 December 2016 and the Index had a base level of 3000 on 1 January 2015. As at 13 March 2022, the Index had a free float adjusted market capitalisation of HKD 681.94 billion and 157 constituents.

You can obtain the most updated list of the constituents of the Index, their respective weightings, additional information and other important news concerning the Index (including Index fact sheets, methodology, end of day Index levels and Index performance) from the website of the Index Provider at ([www.hsi.com.hk](http://www.hsi.com.hk)) (the contents of which has not been reviewed by the SFC). The Index (which is maintained by the Index Provider) is calculated and disseminated in HKD and is available in real time globally via information vendors Bloomberg and Reuters. The end of day Index is available on the website of the Index Provider.

Vendor Code

Reuters Code: HSHKS

### **Use of derivatives / investment in derivatives**

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

### **What are the key risks?**

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

#### **1. Rebalancing period risk**

- The underlying index of the Sub-Fund was changed to the present index effective from 3 March 2017. During the rebalancing period from the previous index to the Index, which is anticipated to take up to 5 trading days from 3 March 2017, holdings of the Sub-Fund will be rebalanced from constituents of the previous index to the Index. Although there is a high degree of correlation between the Old Index and New Index, there is a risk that the tracking error and tracking difference of the Sub-Fund during the rebalancing period may increase. Investors who deal with Units of the Sub-Fund during the rebalancing period should exercise caution.

#### **2. Investment risk**

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.

#### **3. Small capitalisation companies risk**

- The Sub-Fund invests in small cap securities. The stocks of small capitalisation companies may have lower liquidity and are typically more volatile and more vulnerable to adverse business or economic developments than those of larger capitalisation companies. Lower liquidity increases the risk that securities may be sold at a loss, and may impair the ability of the Sub-Fund to accurately track the Index.
- Small capitalisation companies generally have less diverse product lines than large capitalisation companies and thus are more susceptible to adverse developments concerning their products, as well as the markets and sectors in which they operate. Small capitalisation companies may be less financially secure than larger and more established companies, and they are more vulnerable to loss of key personnel.

#### **4. Concentration risk**

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of a single geographical region or country (Hong Kong), and may likely be more volatile than a broad-based fund.

#### **5. Passive investments risk**

- The Sub-Fund is not "actively managed" and therefore, when there is a decline in the Index, the Sub-Fund will also decrease in value. The Manager will not take defensive positions in declining markets. Investors may lose a significant part of their respective investments if the Index falls.

#### **6. Trading risk**

- Generally, retail investors can only buy or sell Units of the Sub-Fund on the SEHK. 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 NAV.

#### **7. Tracking error risk**

- Due to fees and expenses of the Sub-Fund, liquidity of the market and representative sampling strategy that may be adopted by the Manager, the Sub-Fund's return may deviate from that of the Index.

#### **8. Liquidity and reliance on market maker risk**

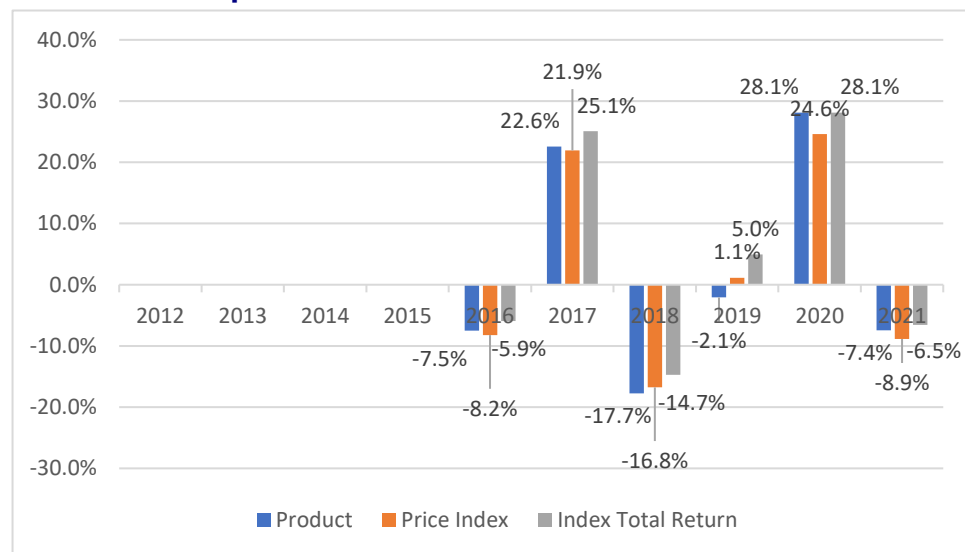
- Units will be a new security and following listing on the SEHK, it is unlikely that the Units will initially be widely held. In turn this may affect the liquidity and trading price of the Units in the secondary market. To address this risk, one or more market makers will be appointed.
- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for Units and that at least one market maker gives not less than three months' prior notice before termination of market making under the relevant market maker agreement, liquidity in the market for the Units may be adversely affected if there is no market maker for the

Units. It is possible that there is only one SEHK market maker or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

## 9. Termination risk

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking, or if the size of the Sub-Fund falls below HKD150 million. In case of termination of the Sub-Fund, the related costs will be borne by the Sub-Fund. The NAV may be adversely affected and Unitholders may suffer loss. Please refer to the section headed "Termination" of the Prospectus for details of events which may cause the Sub-Fund to be terminated.

## How has the fund performed?



Note: The performance of the Sub-Fund prior to 3 March 2017 were achieved under circumstances that no longer apply. The underlying index was changed from the Hang Seng Composite SmallCap Index to the Hang Seng Stock Connect Hong Kong SmallCap Index on 3 March 2017. Investors should exercise caution when considering the past performance of the Sub-Fund prior to 3 March 2017.

- 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 reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year shown. Performance data is calculated in HKD including ongoing charges and excluding expenses payable by investors on the SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: Hang Seng Composite SmallCap Index (prior to 3 March 2017). Hang Seng Stock Connect Hong Kong SmallCap Index (starting from 3 March 2017).
- Launch date: 15 October 2015.

## Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

Charges incurred by you when trading the Sub-Fund on the SEHK

Fees

What you pay

<b>Brokerage fee</b>	Market rates
<b>Transaction levy</b>	0.0027% <sup>1</sup>
<b>SEHK trading fee</b>	0.005% <sup>2</sup>
<b>Stamp duty</b>	Nil

1. Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.
2. Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

### Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the NAV of the Sub-Fund which may affect the trading price.

	<b>Annual rate (as a % NAV)</b>
<b>Management fee*</b> The Sub-Fund pays a management fee to the Manager.	0.5%
<b>Trustee's fee*</b> The Sub-Fund pays a trustee's fee to the Trustee.	<b>Annual rate (as a % NAV)</b>  0.10% per annum for the first HKD1,000 million of the NAV, 0.08% per annum for the next HKD1,000 million of the NAV and 0.06% per annum for the remaining balance of the NAV  Subject to a monthly minimum of HKD50,000
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to unitholders. Please refer to the section of the prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Sub-Fund

### Other fees

You may have to pay other fees when dealing in the Units of the Sub-Fund. Please refer to the Prospectus for details.

### Additional information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at [http://www.chinaamc.com.hk/portal/HKen/etf\\_fund.jsp?ischeck=1](http://www.chinaamc.com.hk/portal/HKen/etf_fund.jsp?ischeck=1) including:

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual and semi-annual financial reports (in English only);
- (c) any notices for material alterations or additions to the Prospectus or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, the notices of the suspension of the calculation of the NAV, changes in fees and the suspension and resumption of trading;
- (e) the tracking difference and tracking error of the Sub-Fund;
- (f) the near real time indicative NAV per Unit throughout each dealing day in HKD;
- (g) the last NAV of the Sub-Fund and last NAV per Unit in HKD;

- (h) the full portfolio information of the Sub-Fund (updated on a daily basis); and
- (i) the latest list of the participating dealers and market makers.

**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.