

PRODUCT KEY FACTS



Tracker Fund of Hong Kong
28 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

Stock code:	2800
Trading lot size:	500 units
Fund manager:	State Street Global Advisors Asia Limited
Investment Delegate ¹	State Street Global Advisors, Australia, Limited, (Australia, internal delegation)
Trustee and Custodian:	State Street Bank and Trust Company
Underlying index:	Hang Seng Index
Base currency:	Hong Kong Dollars
Ongoing charges over a year [#] :	0.10%
Tracking difference of the last calendar year ^{##} Net Asset Value ("NAV") vs Hang Seng Index (Price Return)	-0.0378%
Financial year end of this fund:	31 December
Dividend policy:	Semi-annually (generally May and November each year)
TraHK's website:	www.TraHK.com.hk

[#] The ongoing charges figure is based on expenses for the financial year ended 31 December 2021. This figure may vary from year to year. The ongoing charges figure is calculated by adding the applicable charges and payments deducted from the assets of Tracker Fund of Hong Kong ("TraHK") and then dividing by TraHK's average net asset value for the financial year.

^{##} This is the tracking difference of the calendar year 2021 calculated on the basis of the methodology of Net Asset Value vs Hang Seng Index (Price Return). Please see below the explanatory notes for this methodology and the tracking difference calculated on the basis of Adjusted NAV vs Hang Seng Index (Price Return). Investors should refer to TraHK's website for more up-to-date information on tracking difference.

The above tracking difference (Net Asset Value vs Hang Seng Index (Price Return)) provides comparison between NAV of TraHK (which consists of equities and cash) with the Hang Seng Index (which consists of equities only). This is designed to provide investors with a way to compare similar investment products.

The tracking difference calculated on the basis of Adjusted NAV vs Hang Seng Index (Price Return) for the calendar year 2021 is **-0.1058%**. This compares the Adjusted NAV of TraHK (which represents the equities only portion of the NAV and excludes undistributed net income (e.g. cash)) with the Hang Seng Index (which consists of equities only), which aims to facilitate investors' assessment on how closely TraHK provides equity returns from capital gains or losses in line with the Hang Seng Index and in meeting its investment objective.

What is this product?

TraHK is a collective investment fund structured as a unit trust established under Hong Kong law. The Units of TraHK are listed and traded on The Stock Exchange of Hong Kong Limited ("SEHK") like listed stocks.

¹ Such internal delegation became effective as of 9 October 2020. It will only be implemented as part of the Manager's business continuity plan.

Objective and Investment Strategy

Objective

TraHK's investment objective is to provide investment results that closely correspond to the performance of the Hang Seng Index ("**Index**").

Strategy

The Manager seeks to achieve TraHK's investment objective by investing all, or substantially all, of TraHK's assets in shares in the constituent companies of the Index ("**Index Shares**") in substantially the same weightings as they appear in the Index. If there is any significant deviation between the TraHK's portfolio and the composition and weighting of the Index, the Manager will adjust the TraHK's portfolio when it considers appropriate, after considering transaction costs and the impact, if any, on the market ("**Adjustments**"). However, it may not always be efficient to replicate identically the share composition of the Index and minor misweightings are likely to occur. In addition, laws and regulations may require or restrict the Manager from effecting certain Adjustments.

The Manager may invest TraHK's assets in futures contracts, options and warrants that are traded on SEHK or the Hong Kong Futures Exchange for hedging or investment purposes. The value of TraHK's investments in futures contracts, options and warrants shall not in the aggregate exceed 10% of TraHK's Net Asset Value. Currently, the Manager does not intend to invest TraHK's assets in futures contracts, options or warrants. Without prejudice of the aforementioned limits, TraHK's net derivative exposure may be up to 50% of its Net Asset Value.

TraHK is not allowed to engage in stock lending.

Index

The Index is composed of a representative sample of the shares of constituent companies listed on SEHK which generally have high market value and liquidity. It is designed such that it reproduces the performance of a hypothetical portfolio made up of the shares of the constituent companies with an interest in each constituent company which is always proportionate to such constituent company's market capitalisation adjusted to take into account the freefloat of the relevant shares. The Index adopts a freefloat-adjusted market capitalization weighted methodology.

Starting from the May 2021 index review and with effect on the 7 June 2021, all Index constituents, including weighted voting rights, secondary-listed constituents and other constituents, will be subject to an aligned weighting cap of 8%.

Constituent stocks of the Index are selected by a process of detailed analysis, supported by extensive external consultation. The review of the Index is conducted quarterly by Hang Seng Indexes Company Limited (unless otherwise announced by Hang Seng Indexes Company Limited, for example due to contingency events).

As at 28 February 2022, the Index had a total market capitalisation of HK\$22 trillion and was comprised of 64 constituent companies. The constituent companies which comprise the Index include H-share constituents.

The list of constituents in the Hang Seng Index and their respective weightings, the last closing index level, the latest index information and other important news may be obtained from HSIL's website www.hsi.com.hk.

Use of derivatives / investment in derivatives

TraHK's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

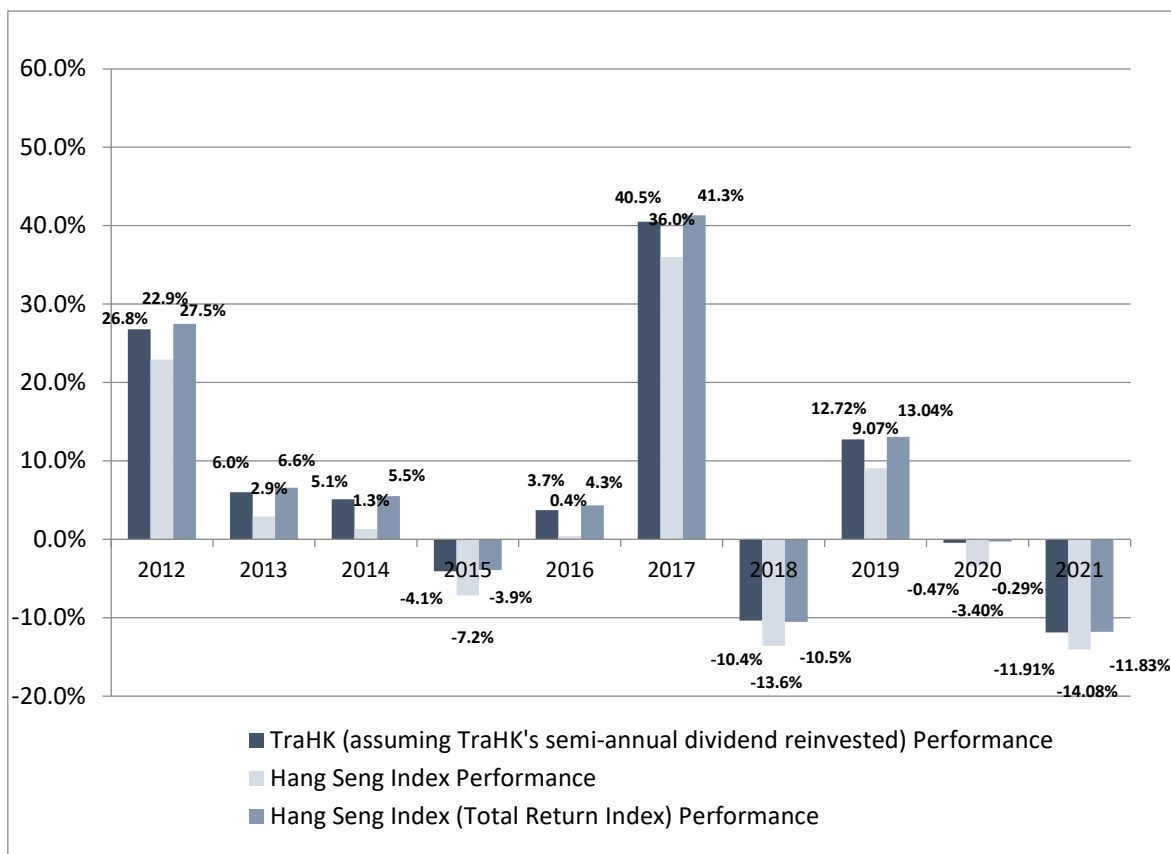
Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. Investment risk

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

2. **Index risk**
 - Investment in TraHK is subject to the trading market for the Index Shares, performance of the Index, economic, political and social development, and risks in Hong Kong and elsewhere in the Asia region.
3. **Passive investment**
 - The Index Shares held by TraHK will reflect the distribution of companies whose shares comprise the Index, therefore when there is a decline in the Index, TraHK will also decrease in value. The Manager will have no discretion to adapt to market changes.
4. **Trading risk**
 - Generally, retail investors can only buy or sell Units on SEHK. The trading prices of the Units on SEHK are driven by market factors such as demand and supply of the Units. There can be no assurance that active trading for Units of TraHK will continue on SEHK. Therefore, the Units may trade at a substantial premium/discount to their Net Asset Value.
5. **Tracking error risk**
 - Due to fees and expenses of TraHK, liquidity of the market and tracking strategy adopted by the Manager, TraHK's return may deviate from that of the Index.
6. **Termination risks**
 - If the Index provider terminates the Index or does not allow TraHK to use the Index, and there is no successor index, or if the average of the daily Net Asset Value of TraHK is less than HK\$3 billion over any rolling three month period, TraHK may be terminated.
7. **Dividend distributions**
 - Dividend distributions are not guaranteed, and therefore, investors may not receive any dividends from TraHK.
8. **No HKSAR Government guarantee**
 - The performance of TraHK, the Net Asset Value per Unit and the performance by the Manager and the Trustee of their respective obligations are not guaranteed by the HKSAR Government. The HKSAR Government has given no guarantee or assurance that the investment objective of TraHK will be met.
9. **Investment in financial derivative instruments**
 - Risks associated with TraHK's use of financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by TraHK. Exposure to financial derivative instruments may lead to a high risk of significant loss by the TraHK.
10. **Reliance on market maker risks**
 - Although the Manager will ensure that at least one market maker will maintain a market for the units and that at least one market maker gives not less than 3 months' notice prior to terminating 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. There is also no guarantee that any market making activity will be effective.

How has the fund performed?



- TraHK does not currently have a dividend reinvestment program relating to the semi-annual dividends paid by TraHK to shareholders. Consequently, the TraHK (assuming TraHK's semi-annual dividend reinvested) performance may not be realized unless investors choose to reinvest dividends when paid using their own means.
- In assessing the performance of TraHK in relation to the Objective, investors are advised to also refer to TraHK's website at www.TraHK.com.hk for the price return of TraHK. The price return of TraHK may be compared against the above data pertaining to the Hang Seng Index, a price return index.
- The Hang Seng Index Total Return Index Performance is provided for reference purpose only.
- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of TraHK (assuming TraHK's semi-annual dividend reinvested) Performance is based on the calendar year end, NAV-To-NAV, with semi-annual dividend reinvested.
- These figures show by how much TraHK (assuming TraHK's semi-annual dividend reinvested) increased or decreased in value during the calendar year being shown. Performance data has been calculated in Hong Kong Dollars including ongoing charges and excluding your trading costs on SEHK.
- Fund launch date: 1999

Is there any guarantee?

TraHK does not have any guarantees. There is no guarantee of the repayment of principal. You may not get back the amount of money you invest.

What are the fees and charges?

Please refer to the Prospectus for details of other fees and expenses applicable to the creation and redemption of Units.

Charges incurred when trading TraHK on SEHK

Fee	What you Pay
Brokerage Fee	At each broker's discretion
SFC Transaction Levy	0.0027%
FRC Transaction Levy	0.00015%
Trading Fee	0.005%
Stamp Duty	Nil

Ongoing fees payable by the fund

The following expenses will be paid out of TraHK. They affect you because they reduce the Net Asset Value of TraHK which may affect the trading price.

Management Fee	The annual management fee is calculated as the sum of: (a) 0.050% per annum on the first HK\$15 billion of the Net Asset Value; (b) 0.045% per annum on the next HK\$15 billion of the Net Asset Value; (c) 0.030% per annum on the next HK\$15 billion of the Net Asset Value; and (d) 0.025% per annum on the remaining balance of the Net Asset Value.
Trustee Fee	The annual trustee fee is calculated as the sum of: (a) 0.050% per annum on the first HK\$15 billion of the Net Asset Value; (b) 0.045% per annum on the next HK\$15 billion of the Net Asset Value; (c) 0.030% per annum on the next HK\$15 billion of the Net Asset Value; and (d) 0.025% per annum on the remaining balance of the Net Asset Value.
Registrar Fee	The monthly fee charged by the registrar is as follows: (a) HK\$12,000 for the first 2,000 Unitholders; (b) HK\$2,650 for every additional 1,000 Unitholders up to 100,000 Unitholders; and (c) HK\$2,250 for every additional 1,000 Unitholders above 100,000 Unitholders, subject to a maximum aggregate fee of HK\$1,000,000.
Other Ongoing Costs	Please see the Prospectus for further details of other ongoing costs payable by TraHK. You may have to pay other fees when dealing in the units of the fund.

Additional Information

You can find the following information on TraHK at www.TraHK.com.hk

- The TraHK's Prospectus
- The most recent annual and interim reports and accounts of TraHK
- The last closing Net Asset Value per Unit of TraHK and the last closing Net Asset Value of TraHK in HKD
- Near real-time estimated Net Asset Value per Unit of TraHK (i.e. Reference Underlying Portfolio Value per Unit of TraHK) throughout each Dealing Day in HKD
- Full portfolio information on a monthly basis (updated within one month of the end of each month)

- Any public announcements or notices made by TraHK, including information regarding TraHK or the Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading
- The latest list of Participating Dealers and market makers of TraHK
- The ongoing charges figure and past performance information of TraHK
- The annual tracking difference and tracking error of TraHK
- Price return of TraHK

Information on the constituent securities of the Index and their respective weightings may be obtained from the Index website at www.hsi.com.hk.

The above websites have not been reviewed by the SFC.

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.