



- *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>	HKD Counter – 2800 RMB Counter – 82800
<b>Trading lot size:</b>	HKD Counter – 500 units RMB Counter – 500 units
<b>Fund manager:</b>	Hang Seng Investment Management Limited
<b>Trustee and Custodian:</b>	State Street Bank and Trust Company
<b>Underlying index:</b>	Hang Seng Index
<b>Trading currency:</b>	HKD Counter – Hong Kong Dollars (HKD) RMB Counter – Renminbi (RMB)
<b>Base currency:</b>	Hong Kong Dollars (HKD)
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.08%
<b>Tracking difference of the last calendar year<sup>##</sup></b> Net Asset Value ("NAV") vs Hang Seng Index (Price Return)	0.0517%
<b>Financial year end of this fund:</b>	31 December
<b>Dividend policy<sup>###</sup>:</b>	Semi-annually (generally May and November each year). Each Unitholder will receive dividends in HKD only (whether holding HKD traded Units or RMB traded Units).
<b>TraHK's website:</b>	<a href="http://www.TraHK.com.hk">www.TraHK.com.hk</a>

<sup>#</sup> With effect from 19 September 2022, the management fee and trustee fee of Tracker Fund of Hong Kong ("TraHK") have been reduced. The ongoing charges figure of TraHK is an estimate calculated based on the reduced management fee, the reduced trustee fee and other ongoing expenses for the year ended 31 December 2022, expressed as a percentage of TraHK's average Net Asset Value for the same period. It includes the fees of the Manager and the Trustee. Please refer to the "Fees, Costs and Expenses Payable by TraHK" section in the Prospectus for details. The actual figure may be different from the estimate. This figure may vary from year to year.

<sup>##</sup> This is the tracking difference of the calendar year 2022 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 2022 is -0.0693%. 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.

<sup>###</sup> Both HKD traded Units and RMB traded Units will receive dividends in HKD only. In the event that the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion

of such dividend from HKD into RMB or any other currency. Unitholders should check with their brokers for arrangements concerning dividends and to consider the risk factors as set out in the Prospectus.

## **What is this product?**

TraHK is a collective investment scheme 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.

## **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 November 2023 index review and with effect on the 4 December 2023, all Index constituents will be subject to an aligned weighting cap of 8% on individual non-foreign companies constituent, 4% on individual foreign companies constituent and 10% on aggregate foreign companies constituents.

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 ("**HSIL**") (unless otherwise announced by HSIL, for example due to contingency events).

As at 29 March 2023, the Index comprised 76 constituents listed on SEHK with total market capitalisation of HKD 12,180.5 billion.

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](http://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. Equity Market Risk**

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

### **3. 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.

### **4. 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.

### **5. Concentration and Mainland Market Risks**

- TraHK's investments are concentrated in Hong Kong listed securities (including H-shares, red chips shares and P chips shares) of specific industry sectors. The value of TraHK may be more volatile than that of a fund having a more diverse portfolio of investments. The value of TraHK may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.
- By investing in H-shares, red chips shares and P chips shares, TraHK is subject to the risks of investing in an emerging market, which include 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.

### **6. Risk associated with investments in companies with weighted voting rights**

- TraHK may invest in, or the constituent stocks of the Index may include, companies (such as innovative companies) which have a weighted voting rights structure. This leads to issues relating to shareholder rights and corporate governance as well as investor protection, which may have a negative impact on TraHK where TraHK invests in the ordinary shares of such companies.

### **7. 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.
- The Units in the RMB counter are securities traded on SEHK, and settled in CCASS, in RMB. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB

traded Units. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

**8. 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.

**9. Dual 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 HKD on the SEHK than in respect of Units traded in RMB and vice versa.

**10. 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.

**11. Dividend distributions**

- Dividend distributions are not guaranteed, and therefore, investors may not receive any dividends from TraHK.

**12. 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.

**13. 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.

**14. General risks of investments associated with RMB currency**

- TraHK is denominated in HKD but has Units traded in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Non-RMB based investors who buy and sell Units traded in RMB are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of the investor's investment in Units traded in RMB.

**15. Reliance on market maker risks**

- Although the Manager will ensure 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 terminating market making arrangement, liquidity in the market for the units may be

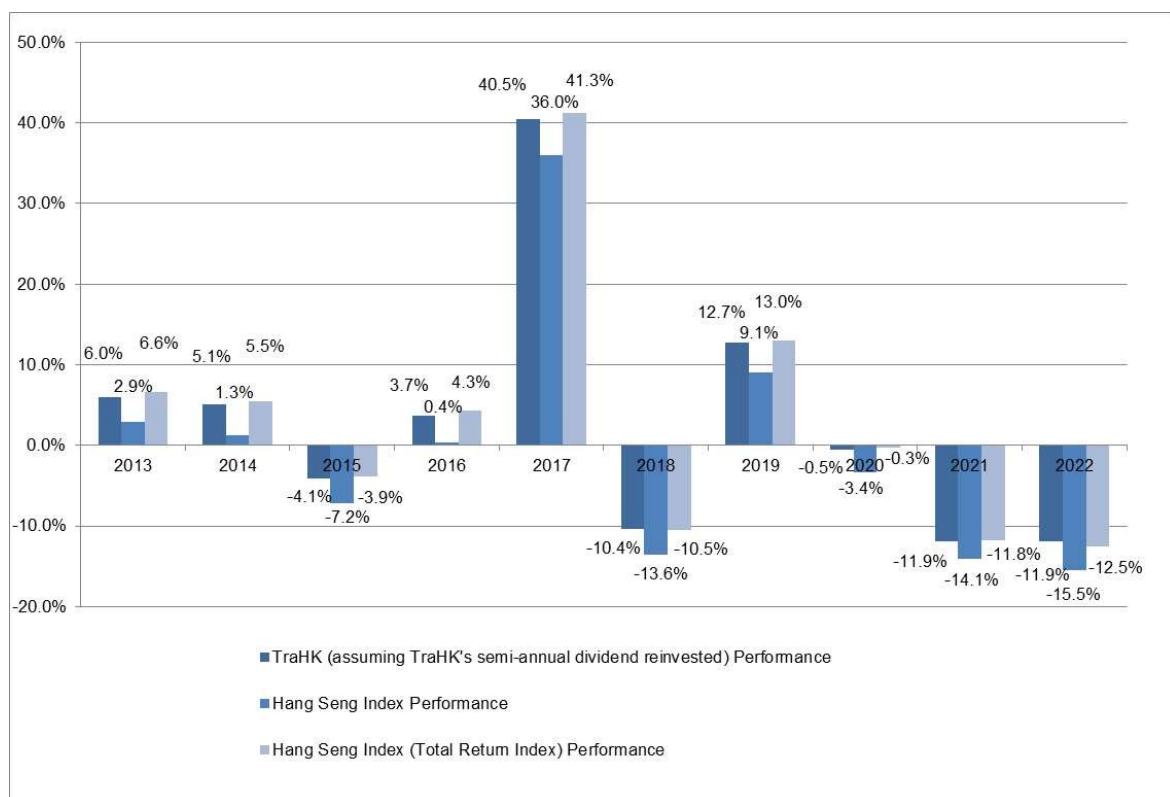
adversely affected if there is no or only one market maker for the RMB or HKD traded Units. There is also no guarantee that any market making activity will be effective.

- There may be less interest by potential market makers making a market in Units traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

#### 16. Reliance on the same group risk

- The Index provider is presently HSIL, which calculates and reports the daily closing level of the Index (or designates parties to do so). Both the Manager and the Index provider are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index provider and the Manager will perform in connection with TraHK may give rise to potential conflicts of interest. Please refer to the Prospectus for further details.
- Apart from the above, the Manager and HSIL are members of the HSBC Group (the “Group”). One or more of the Participating Dealers and/or market makers may also from time to time be members of the Group. Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to TraHK. In such event the Net Asset Value of TraHK may be adversely affected and its operation disrupted.
- It should be noted that the Manager and HSIL are presently all members of the Group, and one or more of the Participating Dealers and/or market makers may from time to time be members of the Group. As such, although all transactions will be at arm’s length, conflicts of interest in respect of TraHK may arise from time to time amongst any of them whilst they belong to the Group. In particular, the Manager may be in dispute with HSIL if it terminates the licence to use the Hang Seng Index. The Manager and each of its Connected Persons will have regard to its obligations to TraHK and Unitholders and will endeavour to ensure such conflicts are resolved fairly.

#### 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](http://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 (HKD) 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	0.00565%
Stamp Duty	Nil
Inter-counter transfer	HKD 5

#### 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.

<b>Management Fee</b>	The annual management fee is calculated as the sum of: (a) 0.045% per annum on the first HK\$15 billion of the Net Asset Value; (b) 0.030% per annum on the next HK\$15 billion of the Net Asset Value; (c) 0.020% per annum on the next HK\$15 billion of the Net Asset Value; and (d) 0.015% per annum on the remaining balance of the Net Asset Value.
<b>Trustee Fee</b>	The annual trustee fee is calculated as the sum of: (a) 0.045% per annum on the first HK\$15 billion of the Net Asset Value; (b) 0.030% per annum on the next HK\$15 billion of the Net Asset Value; (c) 0.020% per annum on the next HK\$15 billion of the Net Asset Value; and (d) 0.015% per annum on the remaining balance of the Net Asset Value.

<b>Registrar Fee</b>	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.
<b>Other Ongoing Costs</b>	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](http://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 of TraHK in HKD and the last closing Net Asset Value per Unit of TraHK in HKD and in RMB
- 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 and in RMB
- 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

The near real-time estimated Net Asset Value per Unit of TraHK in RMB is indicative and for reference only. The near real-time indicative Net Asset Value per Unit in RMB uses a real-time HKD:RMB (CNH) foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in HKD multiplied by a real-time HKD:RMB (CNH) foreign exchange rate provided by ICE Data Services.

The last closing Net Asset Value per Unit of TraHK in RMB is indicative and for reference only and is calculated using the last closing Net Asset Value per Unit of TraHK in HKD multiplied by an assumed foreign exchange rate using 4:00 p.m. Hong Kong time mid rate quoted by Reuters for offshore RMB (CNH) as of the same Dealing Day.

Information on the constituent securities of the Index and their respective weightings may be obtained from the Index website at [www.hsi.com.hk](http://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.