Product Key Facts

CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product

CSOP Asset Management Limited **16 April 2024**

This is an inverse product. It is different from conventional exchange traded funds as it seeks inverse investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the inverse performance of the Index over the period.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

The Index consists of only WTI Futures Contracts whose price movements may deviate significantly from the WTI crude oil spot price. The Product does not seek to deliver an inverse return of WTI crude oil spot price.

This is a product traded on the exchange.

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:	7345
Trading lot size:	100 Units
Manager:	CSOP Asset Management Limited 南方東英資產管理有限公司
Trustee:	Cititrust Limited
Registrar:	Computershare Hong Kong Investor Services Limited

Ongoing charges over a year[#] (annual average daily ongoing charges*):	3.00% (0.012%)
Annual average daily tracking difference[##]:	0.00%
Index:	Solactive WTI 1-Day Rolling Futures Index (the "**Index**")
Base currency:	US dollars (USD)
Trading currency:	Hong Kong dollars (HKD)
Financial year end:	31 December
Dividend policy:	Annually in December subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital. **All Units will receive distributions in the base currency (USD) only.**
Website:	http://www.csopasset.com/en/products/i-oil

What is this product?

CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product (the "**Product**") is a sub-fund of CSOP Leveraged and Inverse Series II, an umbrella unit trust established under Hong Kong law. Units of the Product (the "**Units**") are traded in HKD on The Stock Exchange of Hong Kong Limited (the "**SEHK**") like stocks. It is a futures and swap based product with an objective to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. It is denominated in USD. Creations and redemptions are in USD only.

Objective and investment strategy

Objective

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

"**Daily**" in relation to the inverse performance of the Index or the performance of the Product, means the inverse performance of the Index or the performance of the Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

Strategy

To achieve the investment objective of the Product, the Manager will use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy. The Manager will (i) adopt a futures-based replication strategy through investing directly in the Active Contracts (as defined in the

[#] The ongoing charges figure represents the sum of the ongoing expenses chargeable to the Product expressed as a percentage of the Product's NAV. The ongoing charges figure does not include the swap fees as discussed herein. The Manager will cap the ongoing charges figure for the Product at a maximum of 3% p.a. ("OCF Cap"). This means that any expense of the Product (falling within the scope of ongoing expenses) incurred during this period will be borne by the Manager and will not be charged to the Product if such expense would result in the ongoing charges figure exceeding the OCF Cap.

* The annual average daily ongoing charges figure is equal to the ongoing charges figure over the year divided by the number of dealing days during that year. This figure may vary from year to year.

[##] This is the actual tracking difference of the last calendar year. Investors should refer to the ETF website for more up to date information on actual tracking difference.

sub-section "Roll Schedule" in the section "The Index" of the Product's Appendix in the Prospectus) of West Texas Intermediate crude oil ("**WTI crude oil**") (also known as Texas light sweet crude oil) futures contracts traded on the New York Mercantile Exchange (NYMEX) ("**WTI Futures Contracts**") subject to the rolling strategy discussed below, to obtain the required exposure to the Index; and (ii) where the Manager believes such investments will help the Product achieve its investment objective and are beneficial to the Product, use a Swap-based synthetic replication strategy by investing in Swaps (as defined in the Prospectus) as discussed below.

Futures-based replication strategy

In entering the active WTI Futures Contracts, the Manager anticipates that no more than 20% of the Net Asset Value of the Product (the "**NAV**") from time to time will be used as margin to acquire the WTI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 60% of the NAV (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong and USD denominated short-term investment-grade bonds (i.e. maturity less than 3 years) and money market funds in accordance with the requirements of the Code.

Swap-based synthetic replication investment strategy

Where the Manager believes such investments will help the Product achieve its investment objective and are beneficial to the Product, the Manager may adopt a synthetic replication investment strategy, pursuant to which the Product will enter into one or more partially-funded Swaps (which are over-the counter financial derivative instruments entered into with one or more Swap Counterparties (as defined in the Prospectus)) whereby the Product will provide a portion of the net proceeds from subscription from the issue of the Units as initial margin ("**Initial Amount**") to the Swap Counterparties which will be held by the custodian appointed by the Trustee in a segregated account and will only be transferred to the Swap Counterparties when the Product defaults and in return the Swap Counterparties will provide the Product with an exposure to the Index (net of transaction costs). Otherwise, the Manager may adopt solely the above futures-based replication strategy.

Initial Amount

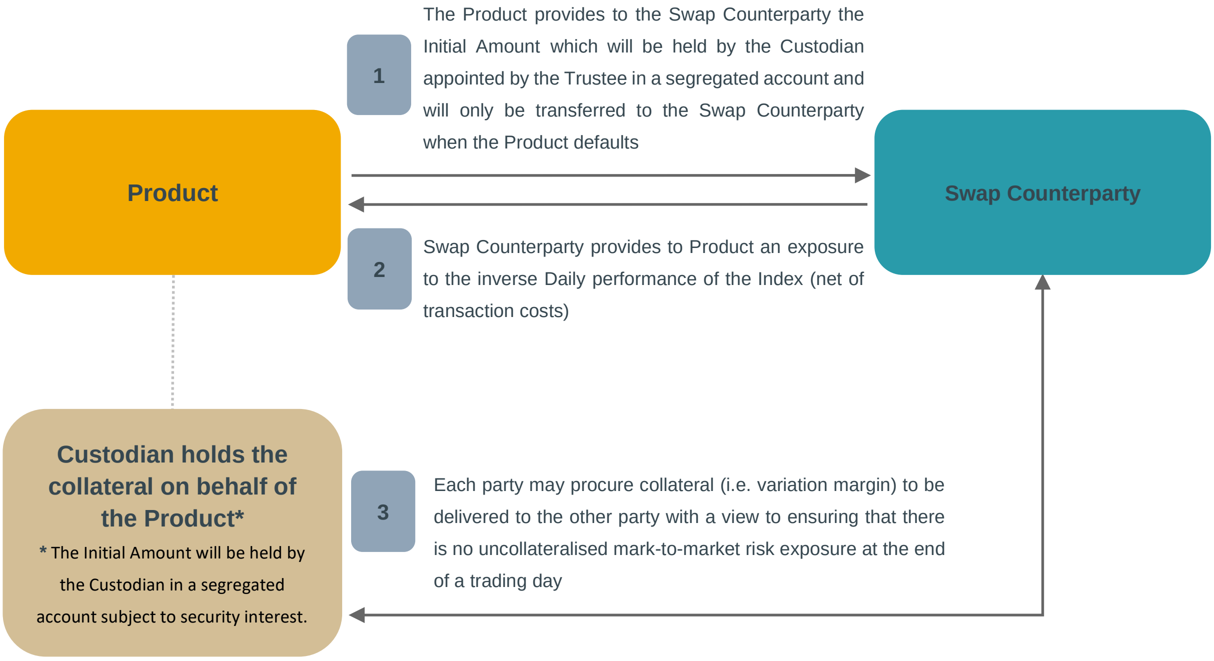
No more than 20% of the NAV of the Product from time to time will be used as Initial Amount by way of cash to acquire the Swaps. Under exceptional circumstances (e.g. increased Initial Amount requirement by the Swap Counterparty in extreme market turbulence), the Initial Amount requirement may increase substantially. The Initial Amount will be transferred to the Product's custodian appointed by the Trustee who will hold the amount for the Product in a designated account, and the Swap Counterparty will have a security interest over the Initial Amount (and the relevant account) upon such transfer. There is no transfer of legal title, and the Initial Amount remains with the Product, but a security interest will be created thereupon in favour of the Swap Counterparty. Where the Manager does not solely adopt a futures-based replication strategy, the expected exposure to the Index from Swaps would be around -50% of the Product's NAV and the maximum exposure to the Index from Swaps would be -100% of the Product's NAV.

Collateral

To collateralise the mark-to-market exposure under the relevant Swap, additional amounts will be transferred as variation margin (either by the Product to the Swap Counterparty or vice versa) on each business day during the Swap transaction. Such variation margin will be transferred by way of title transfer, or by way of a security interest with a right of use (analogous to title transfer) granted thereon. During this process, the Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day (subject to intra-day price movements, market risk and settlement risk etc.). If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets (i.e. variation margin) to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2.

Each Swap Counterparty will deliver collateral with a view to reduce the net exposure of the Product to each counterparty to 0% (zero per cent), although a minimum transfer amount of up to USD 250,000 (or currency equivalent) will be applicable.

The diagram below shows how the Swap-based synthetic replication investment strategy works:



Criteria for selection of Swap Counterparty

In selecting a Swap Counterparty (or a replacement Swap Counterparty), the Manager will have regard to a number of criteria, including but not limited to the fact that the prospective Swap Counterparty or its guarantor is a substantial financial institution (as defined under the Code) subject to an on-going prudential and regulatory supervision, or such other entity acceptable to the SFC under the Code. The Manager may also impose such other selection criteria as it considers appropriate. A Swap Counterparty must be independent of the Manager.

Swap Fees

The Product will bear the swap fees, which includes all costs associated with Swap transactions and are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The swap fees represent a variable spread (which can be positive or negative) plus SOFR which reflects the brokerage commission and the Swap Counterparty's cost of financing the underlying hedge.

If the swap fees is a positive figure, then it denotes the fee that the Product pays to the Swap Counterparties, and may result in a negative impact on the tracking difference of the Product. On the contrary, if the swap fees is a negative figure, the Swap Counterparties will pay to the Product and may lead to a positive impact on the tracking difference of the Product. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return the swap fees may be increased. The Product shall bear the swap fees (including any costs associated with the entering into, or unwinding or maintenance of, any hedging arrangements in respect of such Swaps). Swap fees are accrued daily and spread out over the month. No unwinding fee is payable for the Swap transactions.

The Manager will disclose the swap fees in the semi-annual and annual financial reports of the Product. The swap fees will be borne by the Product and hence may have an adverse impact on the NAV and the performance of the Product, and may result in higher tracking error.

Any investments of the Product other than WTI Futures Contracts and Swaps will comply with 7.36 to 7.38 of the Code.

Daily rebalancing

The Product as an inverse product will rebalance its position on a day when the NYMEX and the SEHK are open for trading (i.e. a Business Day). On such days the Product will rebalance its position by the end of trading of the WTI Futures Contracts, following the movement of the Index, by decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

Futures roll

The Manager will generally carry out the roll-over of the Active Contracts into Next Active Contracts (as defined in the Prospectus) according to the roll-over schedule in respect of the Index with the goal that, by one Business Day before the last trading day of the previous Active Contracts, all roll-over activities would have occurred in one Business Day. When conducting a futures roll-over, the Manager will cover the current short positions in Active Contract and short the Next Active Contract during the Roll Period (as defined in the Prospectus) according to the roll-over schedule. Under exceptional circumstances, the Manager may use its discretion to deviate from the roll-over schedule as mentioned above in the best interests of the Product and the Unitholders.

Index

The Index tracks the performance of the WTI Futures Contracts and rolls the exposure over one day from the Active Contract into the Next Active Contract. A "Roll Period" normally starts on the 5th trading day of each month given the "Trigger Roll Start Day" (as defined below) did not occur in a given month. Otherwise, if on any trading day during a signal monitoring window (defined in the Prospectus), daily trading volume of the Next Active Contract is larger than that of the Active Contract, the second following trading day will be the "Triggered Roll Start Day". During the Roll Period, the Active Contract is rolled over a one-day period into the Next Active Contract. The contract roll weight of the Active Contract is then decreased by 100% after the close of business of each trading day of the Roll Period starting at 100% while the contract roll weight of the Next Active Contract is increased by 100% after the close of business of each trading day of the Roll Period starting at 0%. After the end of the Roll Period the Next Active Contract becomes the Active Contract.

The Index is calculated as an excess return (and not a total return) index and therefore reflects the positive or negative return of the WTI Futures Contracts price movements only (and not any notional interest earnings) and published in USD. As of 22 March 2024, the WTI Futures Contracts currently included in the Index are May 2024 Contracts (CLK4). The Index was launched on 23 July 2021 and had a base level of 100 on 2 January 2014.

The Index is compiled and published by Solactive AG (the "**Index Provider**"). The Manager (and each of its Connected Persons) is independent of the Index Provider.

You can obtain additional information of the Index from the website of the Index Provider at https://www.solactive.com/documents/ (this website has not been reviewed by the SFC).

ISIN: DE000SL0A3B5
Reuters Instrument Code: .SOLWTI1
Bloomberg ticker: SOLWTI1 Index

Use of derivatives / investment in derivatives

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

What are the key risks?

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

1. Investment risk

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial or total losses.

2. Crude oil market risks

- *High volatility risk*: Crude oil prices are highly volatile and may fluctuate widely and may be affected by numerous events or factors such as crude oil production and sale, complex interaction of supply and demand of crude oil, weather, crude oil inventory level, pandemic like Covid-19, war, speculator's activities, Organization of the petroleum exporting countries' behaviour and control, economic activity of significant crude oil use country and other financial market factors. Under extreme circumstances, the oil price may drop to zero or negative value within a short period of time. For the purpose of illustration, during the period of negative oil price in late April 2020, the Product would have achieved a positive performance (compared to the NAV of the end of last trading day). Please refer to the Prospectus for further information.
- *Single commodity/concentration risk*: As the exposure of the Product is concentrated in the crude oil market, it is more susceptible to the effects of crude oil price volatility than more diversified funds.

3. New product risk

The Product is a futures and swap-based product investing directly in WTI Futures Contracts. It is one of the first leveraged and inverse products tracking a crude oil futures index. The novelty of such a product makes the Product riskier than traditional exchange traded funds investing in equity securities or non-leveraged / inverse futures or swaps funds.

4. Inverse performance risk

- The Product tracks the inverse performance of the Index on a Daily basis. Where the performance of the Index is positive, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

5. Long term holding risks

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 time the increase in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

6. Inverse product vs short selling risk

- Investing in the Product is different from taking a short position. Because of rebalancing, the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

7. Unconventional return pattern risk

- Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely lose most or all of its value.

8. Risk of rebalancing activities

- There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

9. Liquidity risk

- The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

10. Intraday investment risk

- The Product is normally rebalanced at the end of trading of the WTI Futures Contracts on a Business Day. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

11. Portfolio turnover risk

- Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

12. Futures contracts risks

- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks.
- A "roll" occurs when an existing WTI Futures Contract is about to expire and is replaced with another WTI Futures Contract with a later expiration date (except on a "Triggered Roll Start Day" on which the roll will start, as explained under "Index" above). The value of the Product's portfolio (and so the NAV per Unit) may be adversely affected by the cost of rolling positions forward as the WTI Futures Contracts approach expiry as the market for these WTI Futures Contracts is in backwardation.
- An extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a WTI Futures Contract may result in a proportionally high impact and substantial losses to the Product, having a material adverse effect on the NAV. A futures transaction may result in significant losses in excess of the amount invested.
- *Mandatory measures imposed by relevant parties risk*: Regarding the Product's futures positions, relevant parties (such as clearing brokers, execution brokers, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include limiting the size and number of the Product's futures positions and/or mandatory liquidation of part or all of the Product's futures positions without advance notice to the Manager. In response to such mandatory measures, the Manager may have to take corresponding actions in the best interest of the Product's Unitholders and in accordance with

the Product's constitutive documents, including suspension of creation of the Product's units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the Product. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the NAV of the Product. While the Manager will endeavour to provide advance notice to investors regarding these actions to the extent possible, such advance notice may not be possible in some circumstances.

13. Price limit risk

- If the price of the WTI Futures Contracts included in the Product's portfolio hit certain price limits, depending on the time of the day and the limit being reached, the trading of the WTI Futures Contracts may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of the inverse of the Daily performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

14. Holding of WTI Futures Contracts restriction in number risk

- The position limit of WTI Futures Contracts is 6,000 contracts for "initial spot-month" limit for contracts that will expire in the current month at the close of trading 3 business days prior to last trading day of the contract (5,000 at the close of trading 2 business days prior to last trading day of the contract; 4,000 at the close of trading 1 business day prior to last trading day of the contract). Accordingly, if the position held or controlled by the Manager reaches the relevant position limit or if the NAV of the Product grows significantly, the above restriction may prevent creations of Units due to the inability of the Product to acquire further WTI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the NAV per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product. The position limit may have adverse impact to the Product and may cause substantial loss to the Product.

15. Risk of material non-correlation with spot/current market price of WTI crude oil risk

- As the Index is based upon active WTI Futures Contracts but not on physical WTI crude oil, the performance of the Index may substantially differ from the current market or spot price performance of WTI crude oil. Accordingly, the Product may underperform the -1x inverse Daily performance of the spot price of WTI crude oil.

16. Synthetic replication and counterparty risk

- The Manager seeks to mitigate the counterparty risks by fully collateralising all counterparty exposures. There is a risk that the value of the collateral may be substantially lower than the amount secured and so the Product may suffer significant losses. Any loss would result in a reduction in the NAV of the Product and impair the ability of the Product to achieve its investment objective.
- The Product may suffer significant losses if the counterparty fails to perform its obligations under the swap. The value of the collateral assets may be affected by market events and may diverge substantially from the inverse performance of the Index, which may cause the Product's exposure to the swap counterparty to be under-collateralised and therefore result in significant losses.
- The Product will bear the swap fees, which are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The current swap fees are a best estimate only and may deviate from the actual market conditions. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees.

17. Distributions risk

- 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 and may result in an immediate reduction in the NAV per Unit.

18. Passive investments risk

- The Product is not "actively managed" and under normal market circumstances, the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances, Units of the Product will also decrease in value. Under extreme market circumstances, the Manager will adopt temporary defensive position for protection of the Product.

19. 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. Units may trade at a substantial premium or discount to the 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.

20. Trading time differences risk

- The NYMEX and the SEHK have different trading hours. Market participants can trade WTI Futures Contracts on CME Globex from Sunday to Friday 5:00 p.m. to 4:00 p.m. (Chicago Time) with a 60-minute break each day beginning at 4:00 p.m. (Chicago time). As the NYMEX may be open when Units in the Product are not traded and priced on SEHK, the value of the WTI Futures Contracts in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Difference in trading times between the NYMEX and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

21. Reliance on market maker risk

- 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 and gives not less than three months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is also no guarantee that any market making activity will be effective.

22. Tracking error and correlation risks

- The Product may be subject to tracking error risk, which is the risk that its performance may not track that of the Daily inverse performance of the Index exactly. This tracking error may result from the investment strategy used, high portfolio turnover, liquidity of the market and fees and expenses as well as costs of using FDIs and the correlation between the performance of the Product and the -1x inverse Daily performance of the Index may be reduced. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication of the inverse performance of the Index at any time, including an intra-day basis.

23. Volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of the daily rebalancing activities.

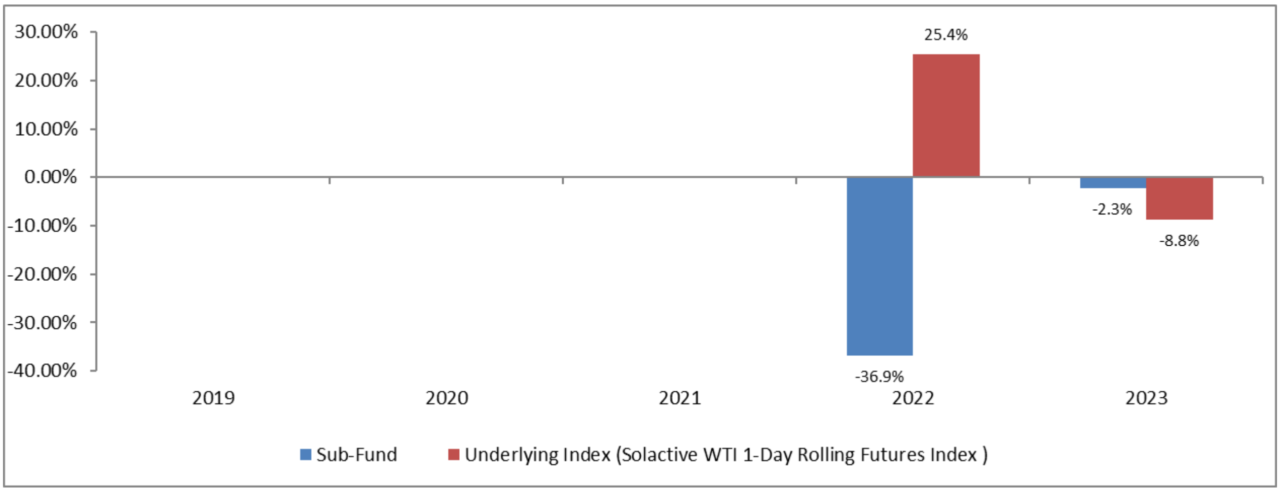
24. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below USD10 million. Investors may not be able to recover their investments and suffer a loss when the Product is terminated.

25. Other currency distributions risk

- Investors should note that all Units will receive distributions in the Base Currency (USD) only. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from USD to HKD 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.

How has the Product performed?



- 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 dividend reinvested.
- These figures show by how much the Product increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD taking into account 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.
- Fund launch date: 1 December 2021.

Is there any guarantee?

The Product 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 when trading the Product on the SEHK

Fee	**What you pay**
Brokerage fee	Market rate
Transaction levy	0.0027%[1] of the trading price
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[2]
Trading fee	0.00565%[3] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units payable by each of the buyer and the seller.*

[2] *AFRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.*

[3] *Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

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

	Annual rate (as a % of NAV)
Management fee*	1.60%
Trustee fee	Included in the management fee
Performance fee	Nil
Administration fee	Included in the management fee

** Please note that the management fee may be increased up to a permitted maximum amount by providing one month's prior notice to Unitholders. Please refer to the section headed "Fees and Expenses" in the Prospectus for further details of the fees and charges payable and the permitted maximum of such fee allowed, as well as other ongoing expenses that may be borne by the Product.*

Other fees

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

Additional information

The Manager will publish important news and information with respect to the Product (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at http://www.csopasset.com/en/products/i-oil (which has not been reviewed or approved by the SFC) including:

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual accounts and half-yearly unaudited report (in English only);

(c) any notices relating to material changes to the Product which may have an impact on Unitholders such as material alterations or additions to the Prospectus or the Product's constitutive documents;

(d) any public announcements made by the Product, including information with regard to the Product and Index, notices of the suspension of the calculation of the NAV, suspension of creation and redemption of Units, changes in fees, and the suspension and resumption of trading;

(e) the near real time indicative NAV per Unit updated every 15 seconds during SEHK trading hours in HKD;

(f) the last NAV of the Product in USD and the last NAV per Unit in USD and in HKD;

(g) the past performance information of the Product;

(h) the daily tracking difference, the average daily tracking difference and the tracking error of the Product;

(i) full portfolio information of the Product (updated on a Daily basis);

(j) the Product's gross and net exposure to each Swap Counterparty;

(k) pictorial presentation of collateral information by way of pie charts (updated on a weekly basis) showing the following (if applicable): a) a breakdown by asset type, e.g. equity, bond and cash and cash equivalents; b) for equity, further breakdown by (1) primary listing (i.e. stock exchanges), (2) index constituents, and (3) sector; c) for bond, further breakdown by (1) types of bonds, (2) countries of issuers/guarantors, and (3) credit rating;

(l) top 10 holdings in the collateral (including name, percentage of the Product's NAV, type, primary listing for equities, country of issuers, credit rating if applicable) (updated on a weekly basis);

(m) the list of Swap Counterparties (including hyperlinks to the websites of Swap Counterparties and their guarantors (if applicable)) (updated on a weekly basis);

(n) a "performance simulator" which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the Index during that period based on historical data;

(o) the latest list of the participating dealers and market makers; and

(p) compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12-month period.

The near real-time indicative NAV per Unit in HKD and the last NAV per Unit in HKD are indicative and for reference purposes only. The near real-time indicative NAV per Unit in HKD uses a real-time HKD:USD foreign exchange rate – it is calculated using the near real-time indicative NAV per Unit in USD multiplied by a real-time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading.

The last NAV per Unit in HKD is calculated using the last NAV per Unit in USD multiplied by an assumed foreign exchange rate using the HKD:USD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. Since the indicative NAV per Unit in USD will not be updated when the NYMEX is closed, any change in the indicative NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate. The last NAV per Unit in USD and HKD will be updated on days when the SEHK is open for trading, but will not be updated when the NYMEX is closed.

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.