



輝立資本管理(香港)有限公司  
PHILLIP CAPITAL MANAGEMENT (HK) LTD

Issuer: Phillip Capital Management (HK) Limited

Phillip ETF Series OFC  
Phillip HK Newly Listed Equities Index ETF  
April 2024

- 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:	2835
Trading board lot size:	100 shares
Manager:	Phillip Capital Management (HK) Limited
Sub-Manager:	Phillip Capital Management (S) Ltd. (Internal delegation, Singapore)
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Registrar:	The Hong Kong and Shanghai Banking Corporation Limited
Ongoing charges over a year <sup>#</sup> :	1.7663%
Annual tracking difference <sup>##</sup> :	-1.58%
Index:	Solactive Hong Kong Newly Listed Equities Index (net total return)
Base currency:	HKD
Trading currency:	HKD
Distribution policy:	No distribution is intended to be made.
Financial year end:	31 December
ETF website:	<a href="http://phillipfunds.com.hk">phillipfunds.com.hk</a> (This website has not been reviewed by the SFC)

<sup>#</sup>The ongoing charges figures is based on ongoing expenses chargeable to the Sub-Fund for the year ended 31 December 2023 expressed as a percentage of the average net asset value of the Sub-Fund. This figure may vary from year to year.

<sup>##</sup>This is the actual tracking difference of the year ended 31 December 2023. Investor should refer to the Sub-Fund's website for more up-to-date information on actual tracking difference.

### What is this product?

- Phillip HK Newly Listed Equities Index ETF (the “**Sub-Fund**”) is a sub-fund of Phillip ETF Series OFC (the “**Company**”), which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds.
- Registration with and authorisation by the SFC do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company, the Sub-Fund or their performance. They do not mean the Company or the Sub-Fund are suitable for all investors nor do they represent an endorsement of their suitability for any particular investor or class of investors.
- The Sub-Fund is a passively managed index tracking exchange traded fund authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the “**Shares**”) are listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). These Shares are traded on the SEHK like listed stocks.
- The Sub-Fund is denominated in HKD.

### Objective and investment strategy

## **Objective**

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index. There is no assurance that the Sub-Fund will achieve its investment objective.

## **Strategy**

In order to achieve the Sub-Fund's investment objective, the Manager and/or the Sub-Manager will primarily use a full replication strategy through investing up to 100% of the net asset value of the Sub-Fund directly in securities constituting the Index ("**Index Securities**") in substantially the same weightings as they appear in the Index.

Where the adoption of a full replication strategy is not efficient or practicable (for example, where the liquidity of certain Index Securities is relatively low) or where the Manager and the Sub-Manager consider appropriate in the best interest of the Sub-Fund and the shareholders, the Manager and the Sub-Manager may pursue a physical representative sampling strategy, and invest in a representative sample of the securities in the Index that collectively reflects the investment characteristics of the Index and aims to replicate its performance. The Sub-Fund, in using a representative sampling strategy, may or may not hold all of the Index Securities, and may overweight or underweight certain Index Securities, provided that the portfolio of the Sub-Fund collectively features a high correlation with the Index. In pursuing a representative sampling strategy, the Manager and the Sub-Manager may cause the Sub-Fund to deviate from the Index weighting on the condition that the maximum deviation from the Index weighting of any constituent will not exceed 3 percentage points above or below such weighting.

The Manager and/or the Sub-Manager may swap between the two investment strategies, without prior notice to shareholders, in their absolute discretion as often as the Manager and/or the Sub-Manager believe appropriate in order to achieve the investment objective of the Sub-Fund by tracking the Index as closely as possible to the benefit of shareholders.

The Manager and/or the Sub-Manager will rebalance the Sub-Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of securities in, the Index.

### Securities Lending

The Manager and/or the Sub-Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, with the maximum level for up to 50% and expected level for approximately 20% of its net asset value, and is able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager and/or the Sub-Manager at their absolute discretion.

### Other Investments

The Sub-Fund may also invest not more than 5% of its net asset value in cash and money market funds for cash management purpose.

The Manager and/or the Sub-Manager does not currently enter into sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions.

## **Index**

The Index is a rules-based equity benchmark designed to track the performance of securities that had a recent initial public offering ("**IPO**") or new listing on the main board of the SEHK.

The Index is a net total return index which means that the performance of the Index constituents is calculated on the basis that any dividends or distributions are reinvested after withholding tax deduction (if any). The Index is denominated and quoted in HKD.

As of 30 April 2024, the index had a total 38 constituents.

The Index universe is comprised of all financial instruments which fulfil, among others, the below requirements:

- Common stock listed on the main board of the SHEK;
- Minimum average and median daily value traded of HKD 10 million over the past 1-month prior to the selection day;
- Minimum share class market capitalisation of HKD 1 billion as of the selection day;
- Minimum percentage of free float market capitalisation over share class market capitalisation of 25% as of the selection day. Securities with a share class market capitalisation larger than HKD 10 billion as of the selection day require a minimum free float percentage of 15%.

The initial composition of the Index and the quarterly rebalance will be subject to the conditions below:

- securities that had an IPO or a new listing on the SEHK due to a listing switch, listing by introduction, or spinoff, within the last 756 business days are eligible for inclusion, subject to the conditions below:
  - In case less than 35 securities are eligible for the Index, additional securities are selected with an IPO date longer than 756 business days but less than 1008 business days ago. Securities with the most recent IPO date that are not yet part of the Index are added until a total number of 35 securities is reached. If more than one security had an IPO on the same date, only the largest by free float market capitalisation is added in order to reach 35 constituents;
  - In case more than 50 securities are eligible for the Index, only the 50 securities with the largest free float market capitalisation are selected.

The Index will be rebalanced quarterly on each rebalance day. In addition to the quarterly rebalance, the Index has a monthly IPO review day where securities that had a recent IPO can enter the Index if they fulfil the relevant requirements and Index component may be removed if certain criteria are not met.

On each selection day and on each IPO review day, each Index component is assigned a weight according to free float market capitalisation. Each security is assigned a liquidity adjusted maximum weight which is capped at 10%.

The Index is compiled and managed by Solactive AG (the “**Index Provider**”). The Manager, the Sub-Manager and each of their connected persons are independent of the Index Provider.

### Index constituents

You can obtain the Index methodology, the most updated list of the constituents of the Index, the latest market capitalisation amount and number of constituents of the Index, their respective weightings, real time level and last closing level of the Index, additional information and other important news of the Index from the website of the Index Provider at <https://www.solactive.com> (the contents of which has not been reviewed by the SFC).

### Index code

Name	ISIN	Currency	Type	RIC	BBG ticker
Solactive Hong Kong Newly Listed Equities Index PR	DE000SL0G1M0	HKD	PR	.SOHKNLEP	
Solactive Hong Kong Newly Listed Equities Index NTR	DE000SL0G1N8	HKD	NTR	.SOHKNLEN	SOHKNLEN
Solactive Hong Kong Newly Listed Equities Index TR	DE000SL0G1P3	HKD	GTR	.SOHKNLET	

### Use of derivatives / Investment in derivatives

The Sub-Fund will not use derivatives for any purposes.

### What are the key risks?

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

#### **1. General investment risk**

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

#### **2. New index risk**

- The Index is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.

#### **3. Equity market risk**

- The Sub-Fund'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.

#### **4. Newly listed securities risk**

- The Index consists of securities that had a recent IPO or new listing on the main board of the SEHK. These newly listed securities are lacking trading history, track record of reporting to investors and research coverage, and thus are often subject to extreme price volatility and speculative trading. Newly listed securities may have above-average price appreciation in connection with the IPO prior to inclusion in the Index. They may not continue to appreciate, and their performance may not replicate the performance exhibited in the past.
- The ownership of newly listed securities may include large holdings by venture capital and private equity investors, who may seek to sell their shares of these newly listed securities in public market in the months following an IPO when shares restricted by lock-up are released, causing greater volatility and possible downward pressure during the time that locked-up shares are released.

#### **5. Concentration risk**

- As the Index constituents concentrate in equity securities listed in Hong Kong, the investment of the Sub-Fund may be similarly concentrated. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.

#### **6. Emerging market risk**

- The Index may consist of shares of companies in emerging markets (e.g. the Mainland China) which may involve 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.

#### **7. Risk associated with small-capitalisation / mid-capitalisation companies**

- The Index may consist of shares of small-capitalisation / mid-capitalisation companies. The stock of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

#### **8. Passive investment risks**

- The Sub-Fund is passively managed and the Manager and/or the Sub-Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund. Falls in the Index are expected to result in corresponding falls in the net asset value of the Sub-Fund.

#### **9. Trading risks**

- The trading price of the Shares on the SEHK is driven by market factors such as the demand and supply of the Shares. Therefore, the Shares may trade at a substantial premium or discount to the net asset value of the Sub-Fund.

- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Shares on the SEHK, investors may pay more than the net asset value per Share when buying Shares on the SEHK, and may receive less than the net asset value per Share when selling Shares on the SEHK.

#### 10. Tracking error risk

- The Sub-Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The Manager and/or the Sub-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 Index.
- The Sub-Fund may incur higher transaction cost due to the potential high turnover of the portfolio as a result of the regular rebalancing/review of the Index upon which the constituents of the Index are subject to change.

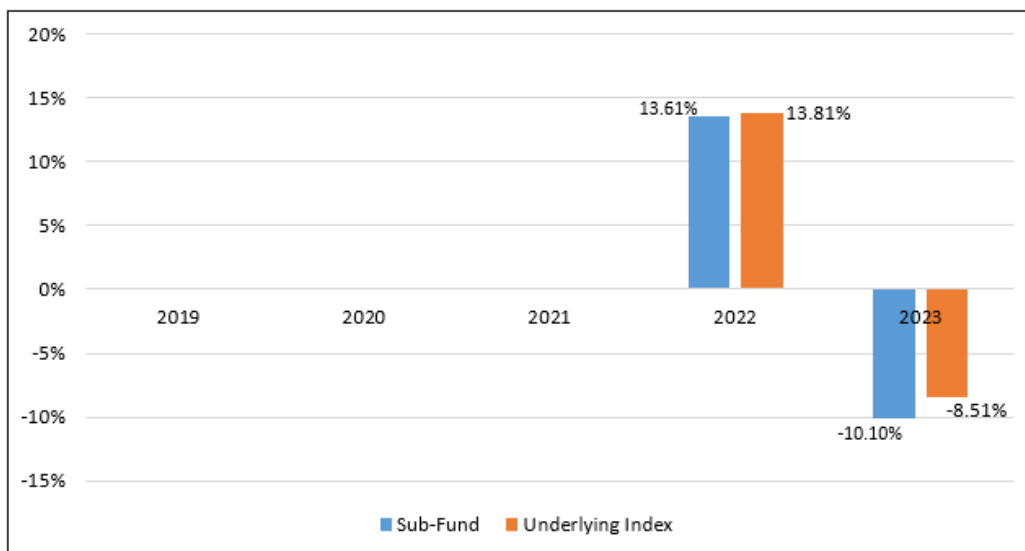
#### 11. Termination risk

- The Sub-Fund 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 Sub-Fund falls below HKD40 million. Any amount recovered by a shareholder on termination of the Sub-Fund may be less than the capital initially invested by the shareholder, resulting in a loss to the shareholder.

#### 12. Reliance on market maker risks

- Liquidity in the market for the Shares may be adversely affected if there is no or only one market maker for the Shares. The Manager will seek to mitigate this risk by ensuring that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement. It is possible that there is only one SEHK market maker for the Sub-Fund, or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker. There is no guarantee that any market making activity will be effective.

### How has the Sub-Fund 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 fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD 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: 18 Nov 2022

## Is there any guarantee?

The Sub-Fund 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 Sub-Fund on the SEHK

<u>Fee</u>	<u>What you pay</u>
Brokerage fee	Market rates
Transaction levy	0.0027% <sup>1</sup> of the trading price
Trading fee	0.005% <sup>2</sup> of the trading price
Accounting and Financial Reporting Council (“AFRC”) transaction levy	0.00015% of the trading price <sup>3</sup>
Stamp duty	Nil

<sup>1</sup> Transaction levy of 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the trading price of the Shares, payable by each of the buyer and the seller.

<sup>3</sup> AFRC transaction levy of 0.00015% of the trading price of the Shares, 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 net asset value of the Sub-Fund which may affect the trading price.

<u>Fee</u>	<u>Annual rate (as a % of the Sub-Fund’s net asset value)</u>
Management fee*	0.60% p.a.
Sub-Manager fee	Included in the management fee
Custodian and administration fee*	0.06% p.a., subject to a monthly minimum of HKD30,000 per Sub-Fund
Registrar fee	HKD120 per participating dealer per transaction
Performance fee	Not applicable

\* Please note that such fee may be increased up to a permitted maximum rate by providing 1 week’s prior notice to shareholders. Please refer to the “**FEES AND EXPENSES**” section of the Prospectus for details.

### Other fees

You may have to pay other fees when dealing in Shares of the Sub-Fund.

## Additional Information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager’s website at [www.phillipfunds.com.hk](http://www.phillipfunds.com.hk) (this website has not been reviewed by the SFC) including:

- the Prospectus and this statement (as revised from time to time);
- the latest audited annual and unaudited interim financial reports of the Sub-Fund (in English only);
- any public announcements made by the Manager in respect of the Sub-Fund, including information with regard to the Sub-Fund and the Index, the suspension of creations and redemptions of Shares, the suspension of the calculation of its net asset value, changes in its fees and the suspension and resumption of trading in its Shares;
- any notices relating to material changes to the Sub-Fund which may have an impact on its investors, including notices for material alterations or additions to the Prospectus or this statement or the Sub-Fund’s constitutive documents;
- the near real time indicative net asset value per Share of the Sub-Fund (updated every 15 seconds throughout each dealing day in HKD) during normal trading hours on the SEHK;
- the last net asset value of the Sub-Fund in HKD, and last net asset value per Share of the Sub-Fund in HKD (updated on a daily basis on each dealing day);

- the past performance information of the Sub-Fund;
- the tracking difference and tracking error of the Sub-Fund;
- the full portfolio composition of the Sub-Fund (updated on a monthly basis within one month of the end of each month); and
- the latest list of the participating dealers and market makers.

The near real-time indicative net asset value per Share in HKD and the last net asset value per Share in HKD are indicative and for reference purposes only.

**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.