

# Product Key Facts

## iShares Core SENSEX India ETF

BlackRock Asset Management North Asia Limited

1 June 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

<b>Stock code:</b>	02836 HKD counter	09836 USD counter
<b>Trading lot size:</b>	200 units (for HKD and USD counters)	
<b>Manager:</b>	BlackRock Asset Management North Asia Limited	
<b>Sub-Managers:</b>	BlackRock (Singapore) Limited (internal delegation, Singapore)	
	BlackRock Investment Management (UK) Limited (internal delegation, United Kingdom)	
	BlackRock Japan Co., Ltd. (internal delegation, Japan)	
<b>Trustee and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited	
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.51%	
<b>Tracking difference of the last calendar year<sup>##</sup>:</b>	-2.92%	
<b>Underlying Index:</b>	BSE SENSEX	
<b>Base currency:</b>	United States dollars (USD)	
<b>Trading currency:</b>	HKD, USD	
<b>Financial year end of this fund:</b>	31 December	
<b>Dividend policy:</b>	Annually, at Manager's discretion (usually in November/December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. <b>All units will receive distributions in the base currency (USD) only.</b> Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on page 5 below.	

**ETF website:** [www.blackrock.com/hk](http://www.blackrock.com/hk) (Please refer to the section Additional Information on how to access the product webpage)

# The ongoing charges figure is based on expenses for year ended 31 December 2023 (calculated in HKD), taking into account that the management fee for the SENSEX India ETF was reduced from 0.64% to 0.40% per annum effective 8 August 2023. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the SENSEX India ETF expressed as a percentage of the average NAV.

## This is the actual tracking difference of the calendar year ended 31 December 2023 (calculated in USD). Investors should refer to the website of the SENSEX India ETF for more up-to-date information on actual tracking difference.

## What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares Core SENSEX India ETF (the “**SENSEX India ETF**”) are listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”). These units are traded on SEHK like listed stocks.

## Objective and Investment Strategy

### Objective

The SENSEX India ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the BSE SENSEX (the “**Underlying Index**”).

### Investment Strategy

The SENSEX India ETF obtains exposure to the constituents of the Underlying Index by investing substantially all of its assets directly in India-listed securities as a Foreign Portfolio Investor registered with the Securities and Exchange Board of India. The SENSEX India ETF may also invest up to 15% of its net asset value (“**NAV**”) in India Access Products (“**IAPs**”), being financial derivative instruments (“**FDIs**”) linked to Indian securities issued by third parties.

The SENSEX India ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the Securities in the Underlying Index (either directly or indirectly) selected by the Manager. The SENSEX India ETF may or may not hold all of the Securities that are included in the Underlying Index, and may hold Securities which are not included in the Underlying Index but which the Manager believes will help the SENSEX India ETF achieve its investment objective. The SENSEX India ETF may invest in FDIs for reducing tracking error, hedging purposes or to achieve its investment objective, subject to the limit that the SENSEX India ETF’s net derivative exposure does not exceed 50% of SENSEX India ETF’s NAV.

The Manager may overweight the holdings of the SENSEX India ETF relative to the respective weightings of the Securities in the Underlying Index and will select Securities based on their contribution to certain capitalisation, industry and fundamental investment characteristics and by doing so, seeking to construct a portfolio that perform like the Underlying Index.

The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. A replication investment strategy involves investing in substantially all the Securities (either directly or indirectly) in substantially the same weightings as those Securities comprised in the Underlying Index.

Although the SENSEX India ETF may enter into securities lending transactions to a maximum level of 50% of its NAV, the Manager does not expect securities lending transactions in respect of the SENSEX India ETF to exceed one-third of the NAV. The Manager will be able to recall the securities lent out at any time.

As part of the securities lending transactions, the SENSEX India ETF must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent. The collateral will be marked-to-market on a daily basis and be safekept by the Trustee (or its nominee, agent or delegate, or delegate(s) or agent(s) further appointed by such nominee, agent or delegate). Non-cash collateral received in connection with a securities lending transaction may not be sold, reinvested or pledged by the SENSEX India ETF. Any reinvestment of cash collateral received shall be subject to the requirements as set out in the Code and the relevant sections of the Prospectus. To the extent the SENSEX India ETF undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a securities lending agent and/or other service providers in the context of such transactions to the

extent permitted by applicable legal and regulatory requirements) shall be returned to the SENSEX India ETF. The costs relating to securities lending transactions will be borne by the securities lending agent or the borrower.

Save for the foregoing, the SENSEX India ETF currently does not intend to engage in any sale and repurchase transactions, reverse repurchase transactions or other similar over the counter transactions. One month's prior notice will be given to unitholders in the event the Manager intends to engage in such transactions.

## **Underlying Index**

The Underlying Index is a float-adjusted market capitalisation-weighted index that is compiled and published by Asia Index Private Limited, a company wholly owned by BSE (formerly known as Bombay Stock Exchange Limited). It comprises the 30 largest and most actively traded stocks, representative of various sections, on BSE. The Underlying Index represents (as at 31 March 2024) more than 40% of total market capitalisation of BSE. The Underlying Index is denominated in USD and was launched on 1 January 1986, with a base year of 1978-79. The Manager and its connected persons are independent of the index provider of the Underlying Index.

For details (including the last closing index level, constituents of the Underlying Index and their respective weightings, and other important news), please refer to the index website at [www.asiaindex.co.in](http://www.asiaindex.co.in) (this website has not been reviewed by the SFC).

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

The SENSEX India ETF's net derivative exposure may be up to 50% of the SENSEX India ETF's NAV.

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

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

### **1. Risk related to Foreign Portfolio Investors ("FPI") investment restrictions**

The applicable rules and guidelines on FPI impose limits on the ability of foreign portfolio investors to acquire shares in certain Indian issuers from time to time. This may force the Manager to adopt further measures in line with representative sampling investment strategy and may increase tracking error.

### **2. Counterparty and liquidity risk**

- The SENSEX India ETF may invest up to 15% of its net asset value in IAPs, with a maximum exposure to any single issuer of 10% of the net asset value. The IAPs are unsecured contractual obligations of the IAP Issuer and do not provide the SENSEX India ETF with legal or equitable interest in the underlying Indian securities. The IAPs do not have an active secondary market.
- The SENSEX India ETF is subject to counterparty risk associated with each IAP Issuer and may suffer losses equal to the full value of the IAPs issued by the IAP Issuer if such IAP Issuer fails to perform its obligations under the IAPs. Any loss would result in the reduction in the net asset value of the SENSEX India ETF and impair the ability of the SENSEX India ETF to achieve its investment objective to track its Underlying Index.
- In the event of any default by IAP Issuers, dealing in the units of the SENSEX India ETF may be suspended and the SENSEX India ETF may ultimately be terminated.

### **3. Emerging market risk**

Generally, investments in emerging markets, such as the Indian stock market, are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.

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

The exposure of the SENSEX India ETF is concentrated in India and may be more volatile than funds adopting a more diversified investment strategy.

#### **5. Risk related to India**

There can be no assurance that the Indian Government will not impose restrictions on foreign exchange and the repatriation of capital. There may also be difficulty in obtaining information on Indian companies as Indian disclosure and regulatory standards are less stringent than those of developed countries.

#### **6. Foreign exchange risk**

- The SENSEX India ETF's base currency is in USD but has units traded in HKD (in addition to USD). Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the base currency and the HKD trading currency when trading units in the secondary market.

#### **7. Risks associated with investment in FDIs**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the SENSEX India ETF. Exposure to FDI may lead to a high risk of significant loss by the SENSEX India ETF.

#### **8. Securities lending transactions risks**

- The borrower may fail to return the securities in a timely manner or at all. The SENSEX India ETF may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the SENSEX India ETF's ability in meeting delivery or payment obligations from redemption requests.
- As part of the securities lending transactions, the SENSEX India ETF must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent or if a borrower does not provide additional collateral when required. This may cause significant losses to the SENSEX India ETF. The SENSEX India ETF may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.
- By undertaking securities lending transactions, the SENSEX India ETF is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the SENSEX India ETF's ability in meeting delivery or payment obligations from redemption requests.

#### **9. Passive investment risk**

The SENSEX India ETF is not actively managed and will not adopt any temporary defensive position against any market downturn. Therefore when there is a decline in the Underlying Index, the SENSEX India ETF will also de-crease in value. Investors may suffer significant losses accordingly.

#### **10. Underlying Index related risks**

There is no guarantee that the SENSEX India ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the SENSEX India ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the SENSEX India ETF and its Unitholders.

#### **11. Tracking error risk**

Changes in the NAV of the SENSEX India ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

## **12. Multi-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 one counter on the SEHK than in respect of units traded in another counter.

## **13. Reliance on market maker risks**

- 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 traded in each counter and that at least one market maker to each counter gives not less than 3 months' notice prior to termination of the 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 on any counter. There is also no guarantee that any market making activity will be effective.

## **14. Other currencies distributions risk**

All units will receive distributions in the base currency (USD) only. In the event that a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions 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.

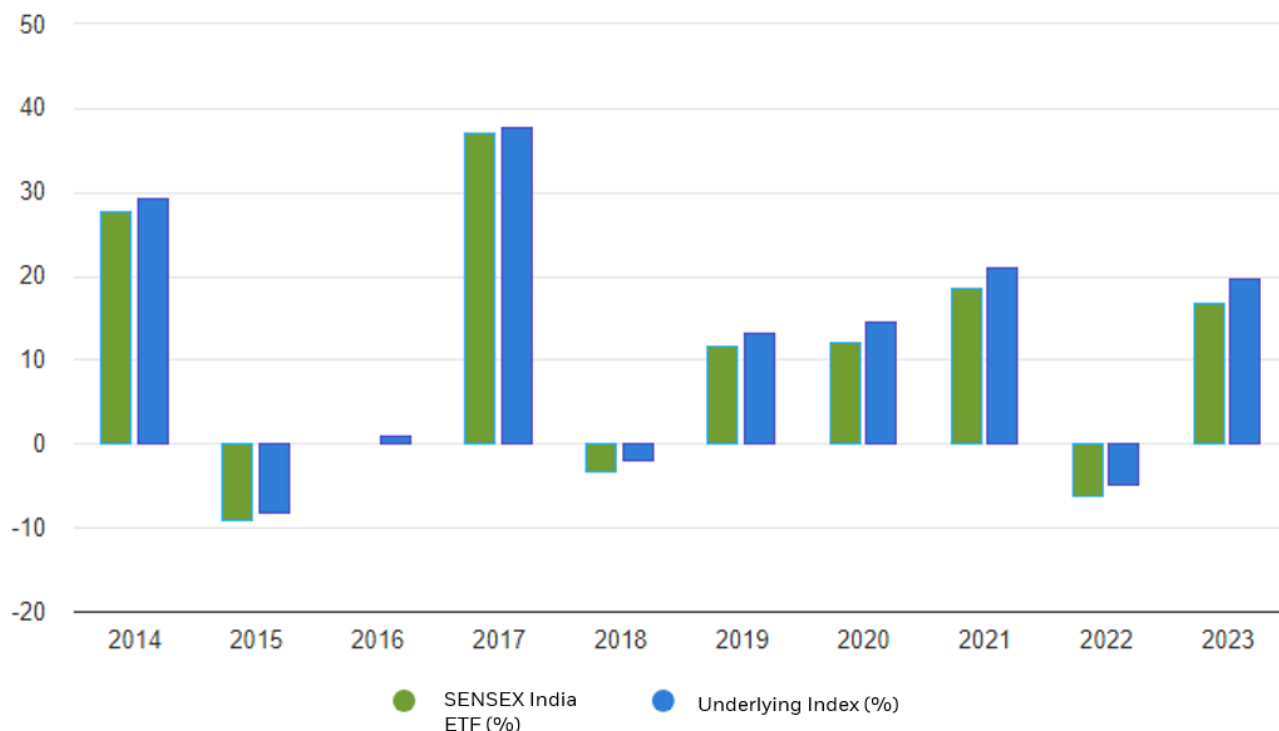
## **15. Dividends payable out of capital or effectively out of capital risk**

The Manager may at its discretion pay dividends out of the capital of the SENSEX India ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the SENSEX India ETF are charged to/paid out of the capital of the SENSEX India ETF, resulting in an increase in distributable income for the payment of dividends by the SENSEX India ETF and therefore, the SENSEX India ETF may effectively pay dividend out of capital. Payment of dividends 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. Any distributions involving payment of dividends out of or effectively out of the SENSEX India ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

## **16. Trading risk**

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the SENSEX India ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

## How has the fund performed?



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SENSEX India ETF Return (%)	27.77	-8.98	-0.05	37.12	-3.22	11.55	12.15	18.48	-6.10	16.70
Underlying Index Return (%)	29.22	-8.10	0.86	37.77	-1.97	13.13	14.45	21.12	-4.93	19.63

**Note 1:** The base currency changed from HKD to USD on 1 January 2018. The above information is reflected in USD. Investors should be aware of the display reference currency when using information from other sources. Please refer to [www.blackrock.com/hk](http://www.blackrock.com/hk) for the latest performance information for the Sensex India ETF displayed in the base currency (i.e. USD).

**Note 2:** The performance of the SENSEX India ETF prior to 30 April 2024 was achieved under circumstances that no longer apply as the investment strategy of the SENSEX India ETF was amended on 30 April 2024 to enable securities lending.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the SENSEX India ETF increased or decreased in value during the calendar year shown. Performance is calculated in HKD, including ongoing charges and excluding your trading costs on SEHK.
- Underlying Index: BSE SENSEX.
- Launch date of SENSEX India ETF: 31 October 2006.

## Is there any guarantee?

The SENSEX India ETF 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 SENSEX India ETF on SEHK

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup>
Accounting and Financial Reporting	0.00015% <sup>2</sup>
Council transaction levy	
Trading fee	0.00565% <sup>3</sup>
Stamp duty	Nil
Inter-counter transfer fee	Nil

### Ongoing fees payable by the SENSEX India ETF

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

	Annual rate (as a % of the fund's value)
Management fee	0.40% p.a. of net asset value calculated daily
Sub-Managers fee	Included in the management fee
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

### Other costs

Please refer to the Prospectus for other fees and expenses payable by the SENSEX India ETF.

### Additional information

You can find the following information of the SENSEX India ETF at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The SENSEX India ETF's Prospectus and this statement (as revised from time to time);
- Latest annual audited financial reports and interim half yearly unaudited financial reports;
- Last NAV (in the Base Currency only i.e. USD) and last NAV per unit (in each of the trading currencies i.e. USD and HKD);
- Near real time indicative NAV per unit throughout each dealing day (in each of the trading currencies i.e. USD and HKD);
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the SENSEX India ETF;
- The SENSEX India ETF's holdings (updated on a daily basis);
- Exposure to the IAP Issuers;

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

<sup>2</sup> Accounting and Financial Reporting Council transaction levy of 0.00015% of the price of the units, payable by the buyer and the seller.

<sup>3</sup> Trading fee of 0.00565% of the price of the units, payable by the buyer and the seller.

- The past performance of the SENSEX India ETF;
- Public notices and announcements made by the SENSEX India ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

Please note that the near real time indicative NAV per unit (in each of the trading currencies i.e. USD and HKD) and the last NAV per unit in HKD are for reference only. The near real time indicative NAV per unit in HKD uses a real time exchange rate between the base currency (i.e. USD) and the other trading currency (i.e. HKD). It is calculated using the indicative NAV per unit in USD multiplied by the real time exchange rate provided by ICE Data Services for the indicative NAV for HKD. The last NAV per unit in HKD is calculated using the last NAV per unit in the base currency (i.e. USD) multiplied by the WM Reuters 4:00p.m (London time)\* rate for HKD for that Dealing Day.

All of the information outlined above can be found on the product webpage of the SENSEX India ETF. The product webpage of the SENSEX India ETF can be located by using the search function and inserting the ticker number of the SENSEX India ETF (i.e. 02836 or 09836) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

\* Please note 4:00p.m (London time) (i) during British Summer Time is equivalent to 11:00p.m Hong Kong Time and (ii) otherwise is equivalent to 12:00a.m. Hong Kong Time.

### **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.