Product Key Facts

CSOP Bitcoin Futures Daily (-1x) Inverse Product

CSOP Asset Management Limited **4 August 2025**

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.

This product primarily invests in short positions of CME Bitcoin Futures whose price movement may deviate significantly from the spot price of bitcoin. This product does not seek to deliver a daily return of the inverse performance of spot bitcoin.

The product's investments in CME Bitcoin Futures are subject to key risks such as extreme price volatility risk, potentially large roll costs, operational risks (such as margin risks and risks associated with mandatory measures imposed by relevant parties).

Based on the historical daily price movement of CME Bitcoin Futures over the last 5 years, the value of this product may drop over 20% in one day. Given the extreme price volatility of CME Bitcoin Futures, you may lose all of your investment within one day.

Given the extreme price volatility of CME Bitcoin Futures, this product may encounter challenges in rebalancing its futures holdings at day-end. Therefore, the product's daily tracking difference may be higher than those of leveraged and inverse products with conventional underlying assets.

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:	7376
Trading lot size:	100 Units

Manager:	CSOP Asset Management Limited 南方東英資產管理有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year[#] (annual average daily ongoing charges*):	3.00% (0.012%)
Estimated annual average daily tracking difference[##]:	Estimated to be -0.05%
Index:	S&P Bitcoin Futures Index (the "**Index**")
Base currency:	United States Dollar (USD)
Trading currency:	Hong Kong dollars (HKD)
Financial year end:	31 December
Dividend policy:	Annually in December subject to the Manager's discretion. However, there is no guarantee of regular distribution nor the amount being distributed (if any). Distributions may be paid out of capital or effectively out of capital. **All Units will receive distributions in the base currency (USD) only**.
Website:	https://www.csopasset.com/en/products/hk-btcf-i (this website has not been reviewed by the SFC)

What is this product?

CSOP Bitcoin Futures Daily (-1x) Inverse Product (the "**Product**") is a sub-fund of CSOP Leveraged and Inverse Series, 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-based product which invests directly in bitcoin futures traded on Chicago Mercantile Exchange (CME) (the "**CME Bitcoin Futures**") and/or micro Bitcoin futures on the CME (the "**Micro Bitcoin Futures**") so as to give the Product 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 invest directly in bitcoin. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

[#] The ongoing charges figure is an estimate based on the annualized projection of the actual expenses for the period between the Product's inception date and 31 December 2024, and represents the sum of the estimated ongoing expenses chargeable to the Product expressed as a percentage of the Product's NAV. The actual figure may be different from this estimated figure and it may vary from year to year. It does not include the swap fees. 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. The actual figure may be different from the estimate figure and may vary from year to year.

[##] This is an estimated annual average daily tracking difference. Investors should refer to the Product's website for information on the actual daily tracking difference and actual average daily tracking difference.

"**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

The Manager intends to adopt a futures-based replication strategy to achieve the investment objectives of the Product, pursuant to which the Product will invest directly in the spot month CME Bitcoin Futures subject to the rolling strategy discussed below (and/or Micro Bitcoin Futures which may also be used as an ancillary tool to this strategy where the Manager believes such investments will help the Product better track the Index) traded on the CME to obtain the required exposure to the Index. The CME is a commodity exchange registered with the Commodity Futures Trading Commission of the United States (the "**CFTC**").

In entering the spot month CME Bitcoin Futures (and/or the Micro Bitcoin Futures), the Manager anticipates that no more than 60% of the Net Asset Value ("**NAV**") of the Product from time to time will be used as margin to acquire the CME Bitcoin Futures (and/or the Micro Bitcoin Futures). Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially. **The Product does not invest directly in bitcoin.**

Not less than 40% 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 (HKD or USD) and other HKD or USD denominated investment products, such as deposits with banks in Hong Kong and HKD or USD denominated short-term (i.e. maturity less than 3 years) investment-grade bonds and money market funds in accordance with the requirements of the Code on Unit Trusts and Mutual Funds (the "**Code**"). Yield in HKD or USD (as the case may be) from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses, the remainder will be distributed by the Manager to the Unitholders in USD.

The Manager has no current intention to enter into any securities lending, repurchase and reverse repurchase or similar transactions in respect of the Product.

Daily rebalancing

The Product as an inverse product will rebalance its position on a day when CME and 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 CME Bitcoin Futures market, 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 Product may not follow any roll-over schedule with a view to minimizing the cost given the liquidity of the underlying futures, and avoiding any front running in bitcoin futures market which is a relatively new market and in growth phase. The Manager will use its discretion to carry out the roll-over of the nearest maturing monthly CME Bitcoin Futures and/or Micro Bitcoin Futures into next maturing monthly CME Bitcoin Futures and/or Micro Bitcoin Futures with the goal that, by one Business Day before the last trading day of the nearest maturing monthly CME Bitcoin Futures and/or Micro Bitcoin Futures, all roll-over activities would have occurred.

Bitcoin

Bitcoin is a digital asset, the ownership and behaviour of which are determined by participants in an online, peer-to-peer network that connects computers that run publicly accessible software that follows the rules and procedures governing the bitcoin network, commonly referred to as the "bitcoin protocol". Bitcoin is "stored" on a digital transaction ledger commonly known as a "blockchain". The value of bitcoin and CME Bitcoin Futures is not backed by any government, corporation or other identified body, but is determined in part by the supply of, and demand for, bitcoin in the markets for exchange that have been organised to facilitate the trading of bitcoin.

Index

The Index tracks the performance of the nearest maturing monthly Bitcoin Futures contracts (Symbol: BTC) trading on CME. The Index is a price weighted, excess return (and not a total return) index and therefore reflects the positive or negative return of the CME Bitcoin Futures price movements only (and not any notional interest earnings) and published in USD.

As of 28 February 2025, the CME Bitcoin Futures currently included in the Index are March 2025 CME Bitcoin Futures. The Index was launched on 31 January 2022 and had a base level of 100 on 29 December 2017. The

Index is compiled and published by S&P Dow Jones Indices LLC (the "**Index Provider**"). The Manager (and each of its Connected Persons) is independent of the Index Provider.

You can obtain other additional information of the Index from the website of the Index Provider at: https://www.spglobal.com/spdji/en/indices/digital-assets/sp-bitcoin-futures-index/#overview (this website has not been reviewed by the SFC).

Bloomberg Index Code: SPBTCFUE

Reuters Index Code : .SPBTCFUE

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?

Bitcoin and CME Bitcoin Futures are relatively new investments with limited history. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in the Product could fluctuate significantly in a short period of time. You may lose the full value of your investment within a single day. If you are not prepared to accept significant and unexpected changes in the value of the Product and the possibility that you could lose your entire investment in the Product you should not invest in the Product. Performance of CME Bitcoin Futures and therefore the performance of the Product may differ significantly from the performance of bitcoin.

Investment involves risks. The Product is a futures based inverse product. The risks of investing in the Product are therefore greater than those of investing in other conventional ETFs. Investment in CME Bitcoin Futures involves specific risks such as high volatility, leverage, high rollover costs and margin risks. Please refer to the Prospectus for details including 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. **Inverse performance risk**

- The Product tracks the inverse performance of the Index on a Daily basis. Should the value of 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.

3. **Risks related to bitcoin**

The Product is indirectly exposed to the risks of bitcoin through its holding in the CME Bitcoin Futures (and/or Micro Bitcoin Futures), and that risks which adversely affect the price of bitcoin may also affect the price of the CME Bitcoin Futures (and/or Micro Bitcoin Futures) and the Product.

- **Bitcoin and bitcoin industry risk** – Bitcoin operates without central authority (such as a bank) and is not backed by any authorities, government or corporations. Bitcoin is a relatively new innovation and the market for bitcoin is subject to rapid price swings, changes and uncertainty. The further development and acceptance of the bitcoin network, which is part of a new and rapidly changing industry, is subject to a variety of factors that are difficult to evaluate and unforeseeable. The slowing, stopping or reversing of the development or acceptance of the bitcoin network may adversely affect the price of bitcoin, and accordingly, of bitcoin futures. The exposure of the Product is concentrated in the bitcoin futures, it is more susceptible to the effects of bitcoin futures price volatility than more diversified funds.
- **Speculative nature risk** – Investing in bitcoin is highly speculative, and market movements are difficult to predict.
- **Unforeseeable risks** – Given the rapidly evolving nature of bitcoin, including advancements in the underlying technology, market disruptions and resulting governmental interventions that are unforeseeable, an investor may be exposed to additional risks which cannot currently be predicted.
- **Extreme price volatility risk** – Investments linked to bitcoin can be highly volatile compared to investments in traditional securities. Historically, the prices of bitcoin have been highly volatile. Based on the historical daily price movement of CME Bitcoin Futures over the last 5 years, the value of this product may fluctuate

significantly within one day. Given the extreme price volatility of CME Bitcoin Futures, you may lose all of your investment within one day. Factors that contribute to the volatility of bitcoin prices include:

- global demand and supply of bitcoin;
- maintenance and development of the open-source protocol of the bitcoin network;
- competition from other digital assets;
- investor sentiments on the value or utility of bitcoin;
- investors' confidence regarding the security and long-term stability of a digital asset's network and its blockchain;
- contagious effect on the price of bitcoin from incidents on digital assets and trading platforms.

- **Concentration of ownership risk** – The price of bitcoin may be subject to manipulation since a significant portion of bitcoin is held by a small number of holders. As a result of this concentration of ownership, large sales or distributions by such holders could have an uncertain effect of market price of bitcoin. The value of the CME Bitcoin Futures (and/or Micro Bitcoin Futures) could fluctuate significantly. The exposure of the Product is concentrated in the bitcoin futures, it is more susceptible to the effects of bitcoin futures price volatility than more diversified funds.
- **Regulatory risk** – The regulation of bitcoin, digital assets and related products and services continues to evolve. There is a trend of increased regulations. Certain regulatory authorities have brought enforcement actions and issued advisories and rules relating to digital asset markets. Regulatory changes and actions may alter the nature of an investment in bitcoin, or affect whether the CME Bitcoin Futures (and/or Micro Bitcoin Futures) may continue to operate, or restrict the use and exchange of bitcoin or the operations of the bitcoin network or venues on which bitcoin trades in a manner that significantly affects the price of bitcoin and the CME Bitcoin Futures (and/or Micro Bitcoin Futures). Bitcoin market disruptions and resulting governmental interventions are unpredictable, and may make bitcoin illegal.
- **Fraud, market manipulation and security failure risk** – Bitcoin may be subject to the risk of fraud, manipulation and security failure, and operational or other problems that impact virtual asset trading platforms. In particular the bitcoin network and entities that facilitate the transfer or trading of bitcoin are vulnerable to various cyber-attacks. The occurrence of any of the above may have an impact on the price of bitcoin and accordingly the value of the CME Bitcoin Futures (and/or Micro Bitcoin Futures). The exposure of the Product is concentrated in the bitcoin futures, it is more susceptible to the effects of bitcoin futures price volatility than more diversified funds.
- **Cybersecurity risks** – The bitcoin network is vulnerable to various cyber-attacks. Cybersecurity risks of the bitcoin protocol and of entities that hold custody or facilitate the transfers or trading of bitcoin could result in a loss of public confidence in bitcoin and a decline in the value of the CME Bitcoin Futures (and/or Micro Bitcoin Futures) in which the Product invests. Also, malicious actors may exploit flaws in the code or structure in the bitcoin network that will allow them to, among other things, steal bitcoin held by others, control the blockchain, steal personally identifiable information, or issue significant amounts of bitcoin in contravention of the bitcoin protocols. The occurrence of any of these events is likely to have a significant adverse impact on the price and liquidity of bitcoin and therefore the value of the CME Bitcoin Futures (and/or Micro Bitcoin Futures). The exposure of the Product is concentrated in the bitcoin futures, it is more susceptible to the effects of bitcoin futures price volatility than more diversified funds.
- **Potential manipulation of bitcoin network risk** – The bitcoin network is currently vulnerable to a "51% attack" where, if a mining pool were to gain control of more than 50% of the "hash" rate (i.e. the amount of processing and computing power given to the bitcoin network through mining), or the amount of processing and computing power being contributed to the network through mining, a malicious actor would be able to gain full control of the network and the ability to manipulate the blockchain.
- **Forks risk** – As the bitcoin network is an open-source project, the developers may suggest changes to the bitcoin software from time to time. If the updated bitcoin software is not compatible with the original bitcoin software and a sufficient number (but not necessarily a majority) of users and miners elect not to migrate to the updated bitcoin software, this would result in a "hard fork" of the bitcoin network, with one prong running the earlier version of the bitcoin software and the other running the updated bitcoin software, resulting in the existence of two versions of bitcoin network running in parallel and a split of the blockchain underlying the bitcoin network. This could impact demand for bitcoin and impact the price of the CME Bitcoin Futures (and/or Micro Bitcoin Futures).

- **Risk of illicit use** – As with any other asset class or medium of exchange, bitcoin can be used to purchase illegal goods, fund illicit activities, or launder money. Negative events, developments, news or published opinions may affect the general outlook of the industry as a whole and trigger governmental restrictions and/or regulations in respect of bitcoin, hence the CME Bitcoin Futures (and/or Micro Bitcoin Futures).

4. CME Bitcoin Futures and Micro Bitcoin Futures risk

Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

- **Market risk** – The use of futures contracts involves risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets. The market for the CME Bitcoin Futures and/or Micro Bitcoin Futures may be less developed, and potentially less liquid and more volatile, than more established futures markets. While the CME Bitcoin Futures market and the Micro Bitcoin Futures market have grown substantially since the CME Bitcoin Futures and Micro Bitcoin Futures (as applicable) commenced trading, there can be no assurance that this growth will continue.
- **Liquidity risk** – The markets for the CME Bitcoin Futures and Micro Bitcoin Futures are still developing and may be subject to periods of illiquidity. During such times it may be difficult or impossible to buy or sell a position at the desired price. Market disruptions or volatility can also make it difficult to find a counterparty willing to transact at a reasonable price and sufficient size. The large size of the positions which the Product may acquire increases the risk of illiquidity, may make its positions more difficult to liquidate, and increase the losses incurred while trying to do so. The rolling strategy of the Product and the ability of the Product in diversifying its futures position may also be adversely affected.
- **Volatility risk** – The price of the CME Bitcoin Futures and Micro Bitcoin Futures can be highly volatile and is influenced by, among others, changing investor confidence in future fluctuations in the price of bitcoin, and other factors contributing to volatility of the price of bitcoin as discussed above.
- **Leverage risk** – Due to the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a CME Bitcoin Futures (and/or a Micro Bitcoin Futures) may result in a proportionally high impact and substantial losses to the Product, having a material adverse effect on the NAV. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested by the Product.
- **Margin requirement risk** – Margin requirements for the CME Bitcoin Futures and/or Micro Bitcoin Futures may be substantially higher than margin requirements for many other types of futures contracts. High margin requirements could prevent the Product from obtaining sufficient exposure to the CME Bitcoin Futures (and/or Micro Bitcoin Futures) and may adversely affect its ability to achieve its investment objective. If the Product is unable to meet its investment objective as a result of margin requirements imposed by the Product's futures broker, the CME or the CFTC, the Product may adversely impacted and fail to deliver the inverse performance of the Index.
- **Backwardation risk** – A "roll" occurs when an existing CME Bitcoin Futures and/or Micro Bitcoin Futures is about to expire and is replaced with another CME Bitcoin Futures and/or Micro Bitcoin Futures with a later expiration date. 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 Futures Contracts approach expiry as the market for these Futures Contracts is in backwardation (i.e. the price of bitcoin futures lower than the spot price of bitcoin).
- **Position limit risk –** The CME has established position limits and accountability levels on the maximum CME Bitcoin Futures and maximum Micro Bitcoin Futures that the Product may acquire. The CME will exercise greater scrutiny and control over the Product's position if it is reached. If the Product exceeds the position limit, its ability to seek additional exposure by acquiring further CME Bitcoin Futures and/or Micro Bitcoin Futures as a result of new creations of Units could be impaired. The Product's ability to achieve its investment objective could be affected and, as a result, the Manager may be required to suspend new creations of Units. This may result in divergence between the trading price of the Unit and the NAV per Unit.
- **Price limit risk** – The CME has set dynamic price fluctuation limits on the CME Bitcoin Futures and Micro Bitcoin Futures. Once the dynamic price fluctuation limit has been reached, trading may be temporarily halted or no trades may be made at a price beyond that limit. This may limit the Product's ability to invest in the CME Bitcoin Futures and/or Micro Bitcoin Futures.
- **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 under extreme market circumstances. These measures may include limiting the size and number of the Product's futures positions (as described above) 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 interests of the Unitholders and in accordance with the Product's constitutive documents, including suspension of creation of the Units and/or secondary market trading, implementing alternative investment and termination of the Product. These corresponding actions may have an adverse impact on the operation, secondary market trading and the NAV of the Product.

5. Risk of material non-correlation with spot price of bitcoin

- As the Index is based upon nearest maturing monthly CME Bitcoin Futures but not on bitcoin, the performance of the Index may substantially differ from the current market or spot price performance of bitcoin. Accordingly, the Product may underperform the -1x inverse Daily performance of the spot price of bitcoin.

6. 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 times the increase in the Index). This effect may be more pronounced for longer holding periods and in products with larger inverse exposure. Investors should not expect the actual percentage return of investing in the Product to be equal to -1x times the inverse percentage change in the Index for periods of longer than one day.
- 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. Investors in the Product should actively manage and monitor their investments, as frequently as daily.

7. 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.

8. 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 to lose most or all of its value.

9. New Index risk

- The Index is a new index. The Product may be riskier than other products tracking more established indices with longer operating history.

10. New Product risk

- The Product is an inverse product investing directly in CME Bitcoin Futures (and/or Micro Bitcoin Futures) tracking the performance of a bitcoin futures index. The Product is the first new product tracking the inverse performance of a bitcoin futures index in Hong Kong. The novelty and untested nature of such an inverse product and the fact that the Product is the first of its kind in Hong Kong makes the Product riskier than traditional exchange traded funds or products tracking the leveraged or inverse performance of indices with conventional underlying assets.

11. Concentration risks

- The investments of the Product are concentrated in single active CME Bitcoin Futures (and/or Micro Bitcoin Futures) generally. This may result in large concentration risk. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments and a product which holds futures contracts with different expiring months. The value of the Product may be more susceptible to adverse conditions in bitcoin. The Product may experience greater volatility and may be adversely affected by the performance of industries and sectors or events related to bitcoin, the CME or the CME Bitcoin Futures market.

12. 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.

13. 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 inverse Daily performance of the Index exactly. This tracking error may result from the investment strategy used, liquidity of the market and fees and expenses as well as costs of using financial derivatives and the correlation between the performance of the Product and the inverse Daily performance of the Index may be reduced. The Product's daily tracking difference may be higher than those of leveraged and inverse products with conventional underlying assets. 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 on an intra-day basis.

14. Liquidity risk

- The rebalancing activities of the Product typically take place at or around the close 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.

15. Intraday investment risk

- The Product is normally rebalanced at or around the close of trading of futures market on each 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.

16. 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.

17. Passive investments risk

- The Product is not "actively managed" under normal market circumstances and 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.

18. 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.

19. Trading time differences risk

- As the CME may be open when Units in the Product are not traded and priced on SEHK, the value of the CME Bitcoin Futures and/or Micro Bitcoin Futures 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 CME and the SEHK may increase the level of premium/discount of the Unit price to its NAV.

20. 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.

21. Volatility risk

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

22. USD distributions risk

- Unitholders 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, and 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.

23. 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.

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 USD20 million. Investors may not be able to recover their investments and suffer a loss when the Product is terminated.

How has the Product performed?

Since the Product is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

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
Trading fee	0.00565%[2] of the trading price
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[3]
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] *Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.*
[3] *AFRC transaction levy of 0.00015% 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*	1.99%
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 https://www.csopasset.com/en/products/hk-btcf-i (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) 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;

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

(l) 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 is updated every 15 seconds during SEHK trading hours. The near real time indicative NAV per unit in HKD uses a real time HKD:USD foreign exchange rate provided by S&P Global when the SEHK is opened for trading. Since the NAV per Unit in USD will not be updated when the underlying futures market is closed, any change in the indicative NAV per Unit in HKD during such period is solely due to the change in the foreign exchange rate.

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. The official last NAV per unit in USD and the indicative last NAV per unit in HKD will not be updated when the underlying futures market 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.