**PRODUCT KEY FACTS**

# CSOP HSCEI Covered Call Active ETF (Listed Class)
**a sub-fund of the CSOP ETF Series*(*This includes synthetic ETFs)**

CSOP Asset Management Limited

8 December 2025

- ***This is an active 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:** | 2802 |
| **Trading lot size:** | 100 Units |
| **Fund Manager:** | CSOP Asset Management Limited |
| **Trustee and Registrar:** | HSBC Institutional Trust Services (Asia) Limited |
| **Custodian:** | The Hongkong and Shanghai Banking Corporation Limited |
| **Base currency:** | Hong Kong Dollar ("**HKD**") |
| **Trading currency:** | HKD |
| **Ongoing charges over a year:** | Estimated to be 1.20% [#] |
| **Dividend policy:** | Monthly subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital and reduce the Sub-Fund's Net Asset Value ("**NAV**"). However, there is no guarantee of regular distribution nor the amount being distributed (if any). Distributions will be paid in HKD. |
| **Financial year end of this fund:** | 31 December |
| **ETF website:** | https://www.csopasset.com/en/products/hk-hcecc (this website has not been reviewed by the Securities and Futures Commission (the "**SFC**")) |

[#] *As the Sub-Fund (as defined below) is newly set up, this figure is a best estimate only and represents the sum of the estimated ongoing charges over a 12-month period, expressed as a percentage of the estimated average NAV over the same period. It may be different upon actual operation of the Sub-Fund and may vary from year to year. For the first 12-month period from the launch of the Sub-Fund, the ongoing charges figure is capped at 2% of the average NAV of the Sub-Fund. Any ongoing expenses exceeding 2% of the average NAV of the Sub-Fund during this period will be borne by the Manager and will not be charged to the Sub-Fund.*

## What is this product?

The CSOP HSCEI Covered Call Active ETF (the "**Sub-Fund**") is a sub-fund of the CSOP ETF Series*(*This includes synthetic ETFs) (the "**Trust**"), which is an umbrella unit trust established under Hong Kong law. The Sub-Fund is an actively managed exchange traded fund authorised under Chapter 8.10 of the Code on Unit Trusts and Mutual Funds (the "**Code**"). The listed class of units of the Sub-Fund (the "**Units**") are traded on The Stock Exchange of Hong Kong Limited (the "**SEHK**") like stocks. The Sub-Fund is denominated in HKD.

**The Sub-Fund offers both listed class of Units (the "Listed Class of Units") and unlisted class(es) of Units (the "Unlisted Classes of Units"). This statement contains information about the offering of the Listed Class of Units, and unless otherwise specified references to "Units" in this statement shall refer to the "Listed Class of Units". Investors should refer to a separate statement for the offering of Unlisted Classes of Units.**

## Objectives and Investment Strategy

***Objective***

The investment objective of the Sub-Fund is to generate income and maintain prospects for capital appreciation while mitigating some downside risk through the use of covered call strategy. It should be noted that the use of covered call strategy also limits potential upside.

***Investment Strategy***

The Sub-Fund seeks to achieve its investment objective by primarily (i) investing in constituent equity securities in the Hang Seng China Enterprises Index (the "**Reference Index**" or the "**HSCEI**"); and (ii) selling (i.e. "writing") call options on the Reference Index to receive payments of money from the purchaser of call options (i.e. "premium"). The Sub-Fund will obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing:

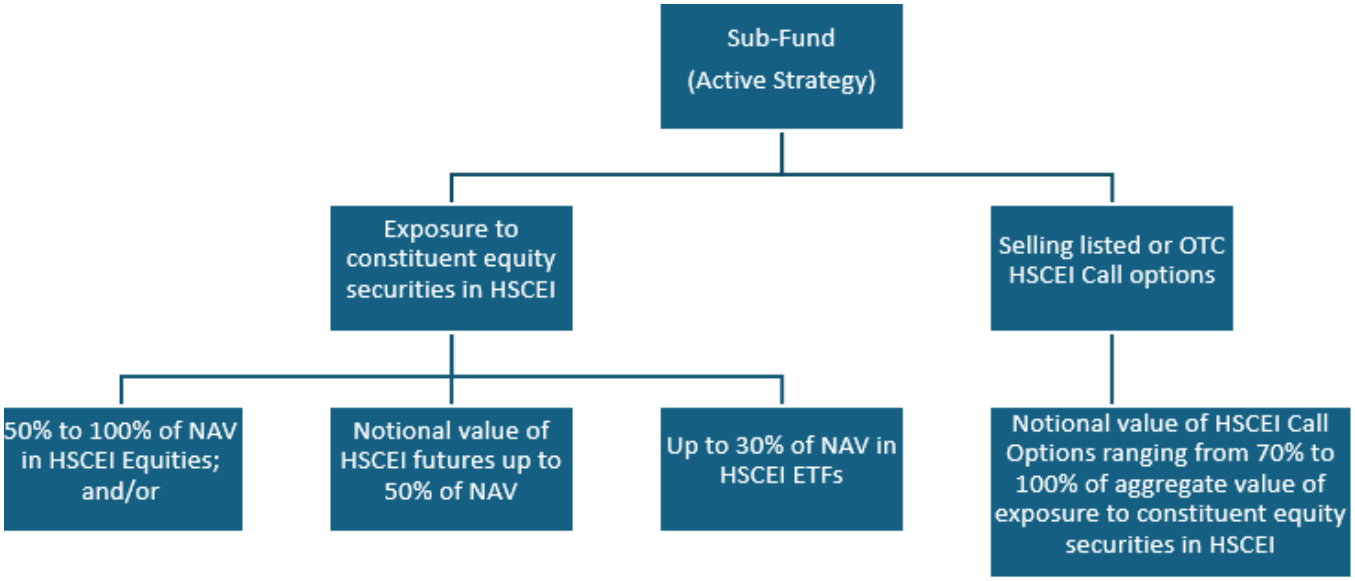
(i) directly in constituent equity securities of the Reference Index (the "**HSCEI Equities**") of at least 50% but not exceeding 100% of its NAV; and/or

(ii) in long positions of front-month [1] HSCEI futures contracts and/or mini-HSCEI futures contracts (collectively, the "**HSCEI Futures**") listed on the Hong Kong Futures Exchange Limited (the "**HKFE**") with notional value of up to 50% of its NAV. The Sub-Fund may also hold back-month HSCEI Futures when the Manager rolls the HSCEI Futures prior to expiration.

(iii) The Sub-Fund may also invest up to 30% of its NAV in exchange traded funds that track the performance of the Reference Index (the "**HSCEI ETF**"), which are either authorised by the SFC or eligible schemes under Chapter 7.11A of the Code.

The Sub-Fund will also adopt a covered call strategy which involves writing listed or over-the-counter ("**OTC**") call options on the Reference Index (the "**HSCEI Call Options**") with notional value ranging from 70% to 100% of the aggregate value of the constituent equity securities of the Reference Index and the HSCEI ETF held by the Sub-Fund as well as the notional value of the long positions in HSCEI Futures held by the Sub-Fund (the "**Covered Call Exposure**"). The HSCEI Call Options are cash-settled and European-style options that are exercisable only at expiry.

The diagram below shows the main investment strategies of the Sub-Fund:




[1] "Front-month" HSCEI Futures or HSCEI Call Options are monthly contracts with the shortest time to maturity. "Back-month" HSCEI Futures or HSCEI Call Options are those with longer time to maturity.

***Details of the option strategy***

*Creation/subscription of units*

When there will be an increase in the number of Units due to creation/subscription of Units, the Sub-Fund may have to write additional HSCEI Call Options in order to maintain the Covered Call Exposure. The Sub-Fund may seek to write additional HSCEI Call Options with the same specified exercise price (i.e. "strike price") and expiration date as the existing HSCEI Call Options that have been written. Depending on the latest level of the Reference Index, the additional HSCEI Call Options to be written can be in-the-money, at-the-money or out-of-the-money[2]. The Sub-Fund may also write additional HSCEI Call Options with strike price and expiration date different from the existing HSCEI Call Options that have been written.

*Rolling of HSCEI Call Options*

When existing HSCEI Call Options written by the Sub-Fund expire, the Sub-Fund seeks to write front-month[1] at-the-money or out-of-the-money HSCEI Call Options to maintain the Covered Call Exposure. It is the intention of the Sub-Fund to primarily write at-the-money HSCEI Call Options when existing HSCEI Call Options written by the Sub-Fund expire as the Sub-Fund aims to receive higher levels of premium. The Sub-Fund may also write back-month HSCEI Call Options.

The Manager may also "roll" the HSCEI Call Options prior to expiration (i.e. closing an existing HSCEI Call Option which is about to expire and write another HSCEI Call Option with a later expiration date). There is no guarantee that such rolling strategy will produce the desired results.

The Sub-Fund may also write weekly HSCEI Call Options (only out-of-the-money), which are weekly contracts expiring at the end of each week with the shortest time to maturity.

*Key considerations for writing or rolling call options*

In determining whether to write HSCEI Call Options with different features as noted above (i.e. additional HSCEI Call Options with strike price and expiration date different from the existing HSCEI Call Options that have been written; back-month HSCEI Call Options; or weekly out-of-the-money HSCEI Call Options) and in determining whether to roll HSCEI Call Options prior to expiration, factors that are considered includes, but are not limited to, liquidity and bid-ask spread of the HSCEI Call Options, premium of the HSCEI Call Options as well as the potential risks of writing or rolling the HSCEI Call Options (taking into account, among other things, the market situation such as the recent market developments or short-term shocks that could impact the stock market and the volatility of the Reference Index), as well as whether such rolling is in the best interest of the investors.

*Restriction on strike price*

The strike price of the in-the-money HSCEI Call Options written by the Sub-Fund will be capped at 30% below the index level of the Reference Index when written, whereas the strike price of the out-of-the-money HSCEI Call Options written by the Sub-Fund will be capped at 30% above the index level of the Reference Index when written. The tenor of the HSCEI Call Options shall not exceed one year when they are written by the Sub-Fund.

***Advantages and disadvantages of adopting a covered call strategy***

The objective of adopting a covered call strategy is to generate income and reduce potential loss against the downward market. Each time the Sub-Fund writes a HSCEI Call Option, the Sub- Fund receives a premium. If the value of the securities relating to the Reference Index held by the Sub-Fund declines, the premium that the Sub-Fund received for writing the HSCEI Call Option may reduce such loss to some extent.

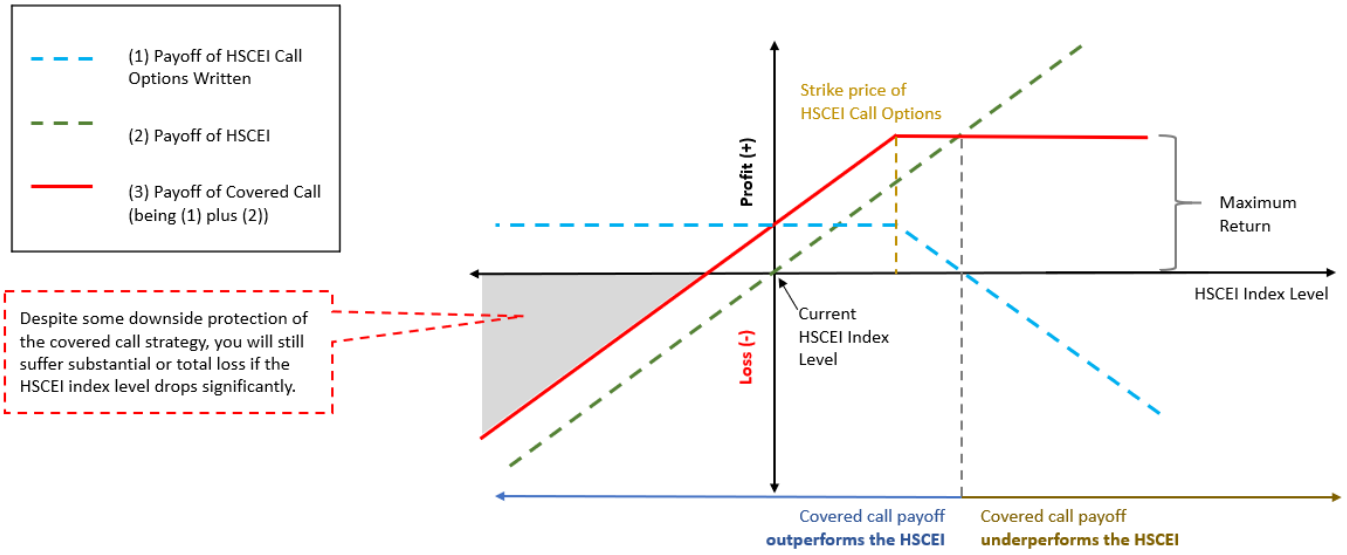
However, the downside of adopting a covered call strategy is that the Sub-Fund's opportunity to profit from an increase in the level of the Reference Index is limited to the strike price of the HSCEI Call Options written, plus

[2] Moneyness is a term to describe whether an option is "in-the-money", "at-the-money" or "out-of-the-money". An "in-the-money" call option is a call option with a strike price that is below the current market price of the underlying asset (i.e. the latest level of the Reference Index in the case of the Sub-Fund). A call option is "at-the-money" if it has a strike price which is at or very near to the current market price of the underlying asset, and a call option is "out-of-the-money" if it has a strike price which exceeds the current market price of the underlying asset.

The moneyness of an option will affect the likelihood of the option being exercised. An "in-the-money" call option is likely to be exercised by the purchaser at expiry in order to make a profit from the favourable price difference between the strike price and the market price of the underlying asset, whereas the likelihood of exercise for an "at-the-money" call is relatively lower. An "out-of-the-money" call option has no intrinsic value and is not likely to be exercised at expiry.

the premium received. In return for the premium, the Sub-Fund gives the purchaser of the HSCEI Call Options the right to receive a cash payment equal to any positive difference between the level of the Reference Index and the strike price of the HSCEI Call Options at expiry (the "cash payment at expiry"). Insofar as the Sub-Fund's Covered Call Exposure is concerned, during the tenor of the HSCEI Call Options, the Sub-Fund may not be able to benefit from any potential increases in the value of the Reference Index above the strike price of the HSCEI Call Options (however, the Sub-Fund may still be benefited from potential increases in the value of the Reference Index above the strike price of the HSCEI Call Options for the Sub-Fund's exposure to the Reference Index that exceeds the notional value of the HSCEI Call Options written).

The payoff of a covered call strategy in comparison with the HSCEI is illustrated in the following diagram:




The covered call strategy outperforms the HSCEI when the current price of the HSCEI is less than the sum of the strike price and the call option premium and underperforms the HSCEI when the current price of the HSCEI is more than the sum of the strike price and the call option premium.

As the Sub-Fund seeks to write covered HSCEI Call Options to maintain the Covered Call Exposure, its ability to benefit from capital appreciation of the Reference Index is limited as a result. Please refer to the risk factor "Covered call option writing risk" below for further details.

For the avoidance of doubt, the Sub-Fund does not seek to track the Reference Index given its covered call strategy.

***Margin requirements and other investments***

In acquiring the HSCEI Futures and selling the HSCEI Call Options, the Manager anticipates that not more than 25% of the NAV of the Sub-Fund will be used as margin from time to time. Under exceptional circumstances (for instance, when there is increased margin requirement by the HKFE, the SEHK and/or brokers in extreme market turbulence), the margin exposure may increase substantially beyond 25% of the NAV of the Sub-Fund.

Not more than 30% of the NAV of the Sub-Fund may 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 (which are authorised under Chapter 8.2 of the Code or eligible schemes under Chapter 7.11A of the Code) in accordance with the requirements of the Code.

The Manager currently has no intention to invest the Sub-Fund in any financial derivative instruments (other than investing in the HSCEI Futures and writing the HSCEI Call Options) for hedging or non-hedging (i.e. investment) purposes and will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar OTC transactions.

***Securities lending transactions***

The 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 NAV and is able to recall the securities lent out at any time. As part of the securities lending transactions, the Sub-Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and safekept by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, reinvested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the Code.

Please refer to https://www.csopasset.com/en/products/hk-hcecc (this website has not been reviewed by the SFC) for more information on the Sub-Fund's covered call strategy and the HSCEI Call Options written by the Sub-Fund.

## Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

## What are the key risks?

**Investment involves risks. You may suffer substantial / total loss by investing in this Sub-Fund. Please refer to the Prospectus for details including the risk factors.**

**1. Investment risk**

- The Sub-Fund is not principal guaranteed and your investments may suffer losses. There is no assurance that the Sub-Fund will achieve its investment objective.

**2. Active investment management risk**

- The Sub-Fund employs an actively managed investment strategy. In addition to seeking to obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing directly in constituent equity securities of the Reference Index and HSCEI ETF and long positions of HSCEI Futures, the Sub-Fund also writes call options on the Reference Index.
- For the avoidance of doubt, the Sub-Fund does not seek to track any index or benchmark (including the Reference Index), and there is no replication or representative sampling conducted by the Manager. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to direct investments in the constituent equity securities of the Reference Index.

**3. Covered call option writing risk**

- The Sub-Fund adopts a covered call strategy which involves writing call options on the Reference Index. A covered call strategy offers some downside protection but limits potential upside. Notwithstanding the downside protection of a covered call strategy, you will still suffer substantial or total loss if the HSCEI index level drops significantly.
- The market value of a HSCEI Call Option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of the Reference Index in relation to the strike price of the HSCEI Call Options, the actual or perceived volatility of the Reference Index and the time remaining until the expiration date. The Sub-Fund's ability to utilise HSCEI Call Options successfully will depend on the ability of the Manager to correctly predict future price fluctuations, which cannot be assured and are subject to market behaviour or unexpected events.
- In writing the covered HSCEI Call Options, the Sub-Fund will receive a premium from purchasers and the premium income will vary depending on different factors. However, in the case of an increase in the market price of the constituent equity securities of the Reference Index, the Sub-Fund's opportunity to profit from such an increase is limited to the strike price of the HSCEI Call Options. In the event that the level of the Reference Index is on a continuous rise, the exercise of written HSCEI Call Options by purchasers could result in the Sub-Fund's existing long positions in HSCEI Equities, HSCEI Futures and/or HSCEI ETF being liquidated for settlement of cash payment at expiry of HSCEI Call Options, and subsequent long positions would need to be re-established at a higher market level, thereby limiting the quantity of HSCEI

Equities, HSCEI Futures and/or HSCEI ETF in which the Sub-Fund will be able to invest and accordingly, the quantity of the HSCEI Call Options which may be written by the Sub-Fund will also decrease.

- On the other hand, the Sub-Fund will take an underlying long position in HSCEI Equities, HSCEI Futures and HSCEI ETF and, as the writer of the HSCEI Call Options which are covered by the underlying long positions, the Sub-Fund will continue to bear the risk of declines in the market value of the Reference Index. If a HSCEI Call Option expires and if there is a decline in the market value of the Reference Index during the option period, the premiums received by the Sub-Fund from writing the HSCEI Call Options may not be sufficient to offset the loss realised.

- In addition, the Sub-Fund's ability to sell the HSCEI Equities, HSCEI Futures and/or HSCEI ETF underlying the HSCEI Call Options will be limited in order to maintain the Covered Call Exposure unless the Sub-Fund cancels out its short positions in the written HSCEI Call Options by purchasing offsetting identical HSCEI Call Options prior to their expiry. There is no guarantee that such offsetting identical HSCEI Call Options will be available on terms favourable to the Sub-Fund or at all. Even if the Sub-Fund is able to cancel out its short positions in the written HSCEI Call Options in the manner as aforementioned, the Sub-Fund may still sustain a loss in selling the underlying HSCEI Equities, HSCEI Futures and/or HSCEI ETF in the event that the market value of the Reference Index declines.

- Also, the Sub-Fund may write HSCEI Call Options over an exchange or in the OTC market. The HSCEI Call Options in the OTC markets may not be as liquid as exchange-listed options. There may be a limited number of counterparties which are willing to enter into HSCEI Call Options as purchasers or the Sub-Fund may find the terms of such counterparties to be less favorable than the terms available for listed options. Moreover, the SEHK may suspend the trading of options in volatile markets. If trading is suspended, the Sub-Fund may not be able to write HSCEI Call Options at times that may be desirable or advantageous to do so.

**4. <u>Equity market risk</u>**

- 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.

**5. <u>HSCEI futures contracts risk</u>**

- ***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. Although the HSCEI Futures market is relatively developed, the Sub-Fund is subject to a potential risk that it may not be able to terminate or sell positions. A liquid secondary market may not always exist for the Sub-Fund's positions at times when the Sub-Fund wishes to terminate or sell such positions

- ***Volatility risk*** – The price of HSCEI Futures can be highly volatile and is influenced by, among others, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and changing investor confidence in future fluctuations in the price of the Reference Index.

- ***Leverage risk*** – Because of 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 HSCEI Futures may result in a proportionally high impact and substantial losses to the Sub-Fund, 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 Sub-Fund.

- ***Margin requirement risk*** – Investing in HSCEI Futures and writing HSCEI Call Options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of the HSCEI Futures and the HSCEI Call Options. Increases in the amount of margin or similar payments may result in the need for the Sub-Fund to liquidate its investments at unfavourable prices in order to meet margin calls. If the Sub-Fund is unable to meet its investment objective as a result of margin requirements imposed by the HKFE, the SEHK and/or the Sub-Fund's futures broker, the Sub-Fund may experience significant losses, which may exceed the amount of the

Sub-Fund's initial investment, and the investors may suffer substantial or total loss of their own investments.

***Negative roll yields and "contango" market risk*** – Excluding other considerations, if the market for HSCEI Futures is in a "contango" market, i.e. the prices are higher in the distant delivery months than in the nearer delivery months, the sale of the HSCEI Futures would take place at a price that is lower than the price of the contract which such HSCEI Futures will be rolled to. Accordingly, sale proceeds from selling existing HSCEI Futures when rolling will not be sufficient to purchase the same number of contracts with later expiration date which have a higher price, thereby creating a negative "roll yield".

By contrast, if the market for these contracts is in "backwardation", i.e. the prices of the HSCEI Futures with later expiration dates are lower than the prices of HSCEI Futures with earlier expiration dates, the sale of the current contracts would take place at a price that is higher than the price of the contracts with later expiration date, thereby creating a positive "roll yield".

Contango or backwardation could last for an undetermined period of time. The presence of contango in the market for HSCEI Futures could result in negative "roll yields," which could adversely affect the NAV of the Sub-Fund. The impact of contango on the Sub-Fund's performance may be greater than it would have been if the Sub-Fund rolled HSCEI Futures less frequently. Investors should note that save for the transaction cost incurred, "rolling" in itself is not a loss or return-generating event. The roll yield is typically realised over time.

- ***HSCEI Futures position limit risk*** – The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Sub-Fund) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Securities and Futures (Contracts Limits and Reportable Positions) Rules (the "**Rules**").

  Accordingly, if the position held or controlled by the Manager reaches the relevant position limit or if the NAV of the Sub-Fund grows significantly, the restrictions under the Rules may prevent creations of additional Units due to the inability of the Sub-Fund to acquire further HSCEI Futures. This may cause a divergence between the trading price of a Unit on the SEHK and the NAV per Unit. In the event that the relevant position limit is reached or is closed to being reached, the Manager will evaluate its existing positions and consider partially or fully closing out certain positions, or obtain exposure to the Reference Index through investment in HSCEI Equities or HSCEI ETF.

- ***Failure of clearing house risk*** – HSCEI Futures and HSCEI Call Options are registered, cleared and guaranteed by the HKFE Clearing Corporation. In the event of the bankruptcy of the clearing house, the Sub-Fund could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Sub-Fund would be afforded the protections granted to participants to transactions cleared through a clearing house under applicable laws. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt clearing house if the clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Sub-Fund to recover all, or even any, of the amounts it has deposited as margin.

**6. <u>Concentration risk</u>**

- The Sub-Fund is subject to concentration risk as a result of obtaining exposure to a single geographical region or country (i.e. Mainland China). The Sub-Fund may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations resulting from adverse conditions in Mainland China.

- In addition, to the extent that the constituent securities of the Reference Index are concentrated in Hong Kong-listed Mainland securities of a particular sector or market, the investments 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 conditions in such particular market/sector.

**7. <u>Risks of investing in other collective investment schemes</u>**

- The Sub-Fund may invest in other collective investment schemes and will be subject to the risks associated with the underlying funds. The Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the NAV of the Sub-Fund.

- If the Sub-Fund invests in other active or passive investment products managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these listed or unlisted funds must be waived, and the Manager must not obtain rebate of any fees or charges levied by these funds or any quantifiable monetary benefits in connection with investments in these funds. In case any conflicts of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

**8. Risks relating to securities lending transactions**

- Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

**9. Trading risk**

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

**10. Trading difference risk**

- As the HKFE and the SEHK have different trading hours and the HKFE may be open when Units in the Sub-Fund are not priced, the value of the HSCEI Futures in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Units in the Sub-Fund. Differences in trading hours between the HKFE and the SEHK may also increase the level of premium or discount of the Unit price to its NAV.

**11. Reliance on market makers 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 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, liquidity in the market for the Units may be adversely affected if there is no or only one market maker for the Units. There is also no guarantee that any market making activity will be effective.

**12. Differences in dealing arrangements between Listed and Unlisted Classes of Units risk**

- Investors of Listed Class of Units and Unlisted Classes of Units are subject to different pricing and dealing arrangements. The NAV per Unit of each of the Listed Class of Units and Unlisted Classes of Units may be different due to different fees and cost applicable to each class. The trading hours of The Stock Exchange of Hong Kong Limited applicable to the Listed Class of Units in the secondary market are also different from the dealing deadlines applicable to the Listed Class of Units in the primary market and the Unlisted Classes of Units.

- Units of the Listed Class of Units are traded on the stock exchange in the secondary market on an intraday basis at the prevailing market price (which may diverge from the corresponding NAV), while Units of the Unlisted Classes of Units are sold through intermediaries based on the dealing day-end NAV and are dealt at a single valuation point with no access to intraday liquidity in an open market. Depending on market conditions, investors of the Listed Class of Units may be at an advantage or disadvantage compared to investors of the Unlisted Classes of Units.

- In a stressed market scenario, investors of the Unlisted Classes of Units could redeem their Units at NAV while investors of the Listed Class of Units in the secondary market could only redeem at the prevailing market price (which may diverge from the corresponding NAV) and may have to exit the Sub-Fund at a

significant discount. On the other hand, investors of the Listed Class of Units could sell their Units in the secondary market during the day thereby crystallising their positions while investors of the Unlisted Classes of Units could not do so in a timely manner until the end of the day.

**13. Risk of early termination**

- The Sub-Fund may be terminated early under certain circumstances, for example, where the size of the Sub-Fund falls below HKD 100 million. Investors may not be able to recover their investments and may suffer a loss when the Sub-Fund is terminated.

**14. Risk relating to distributions paid 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 such distributions involving payment of dividends out of capital or effectively out of capital of the Sub-Fund may result in an immediate reduction of the NAV per Unit of the Sub-Fund.

## How has the fund performed?

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

## Is there any guarantee?

The Sub-Fund 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 Listed Class of Units on the SEHK**

| **Fee** | **What you pay** |
|---|---|
| **Brokerage fee** | At market rates[3] |
| **Transaction levy** | 0.0027%[4] |
| **Accounting and Financial Reporting Council ("AFRC") transaction levy** | 0.00015%[5] |
| **Trading fee** | 0.00565%[6] |
| **Stamp duty** | Nil |

**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 NAV of the Sub-Fund which may affect the trading price.

| | **Annual rate (as a % of the NAV of the Units)** |
|---|---|
| **Management fee*** | 0.99% per annum |
| **Trustee fee*** (inclusive of fees payable to the Custodian) | Included in the Management fee |
| **Registrar fee** | Included in the Management fee |
| **Performance fee** | Nil |
| **Other ongoing charges** | Please refer to Part 2 of the Prospectus. |

[3] The brokerage fee is payable in the currency decided by the intermediaries used by the buyer and the seller.
[4] Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.
[5] AFRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.
[6] Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.

** Please note that some fees 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 Charges" in Part 1 of the Prospectus for details.*

**Other fees**

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

## Additional Information

The Manager will publish important news and information in respect of the Sub-Fund, both in English and Chinese language at the following website https://www.csopasset.com/en/products/hk-hcecc (this website has not been reviewed by the SFC), including:

- the Prospectus and this statement (as amended and supplemented from time to time);
- the latest annual and semi-annual financial reports (in English only);
- any public announcements made by the Sub-Fund, including information in relation to the Sub-Fund, notices of the suspension of the calculation of NAV, changes in fees and charges, the suspension and resumption of trading of Units;
- notices relating to material changes to the Sub-Fund which may have an impact on its investors such as material alterations or additions to the offering documents and constitutive documents of the Sub-Fund;
- the near real-time indicative NAV per Unit of the Sub-Fund updated every 15 seconds during normal trading hours on the SEHK in HKD;
- the last NAV of the Sub-Fund and the last NAV per Unit of the Sub-Fund in HKD;
- full portfolio information of the Sub-Fund (updated on a daily basis), including details of the HSCEI Call Options written by the Sub-Fund (in English only);
- the compositions of the dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months (also available by the Manager on request);
- the latest list of participating dealers and market makers; and
- the past performance information of the Sub-Fund; and
- a "performance simulator" which simulates the performance of the Sub-Fund based on its holdings; and
- additional information on the Sub-Fund's covered call strategy.

The near real time indicative NAV per Unit in HKD (updated every 15 seconds during SEHK trading hours) is indicative and for reference purposes only.

The valuation point is at approximately 4:30 p.m. (Hong Kong time) on the applicable Valuation Day (i.e. Dealing Day), or such other time or times as determined by the Manager, in consultation with the Trustee.

## 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.