Product Key Facts

CSOP NVIDIA Daily Max (-2x) Inverse Product

CSOP Asset Management Limited **18 September 2026**

- **This is an inverse product that adopts a flexible leverage structure.**
  The leverage factor may vary on a Daily basis depending on market circumstances. It is different from conventional exchange traded funds as it seeks inverse investment results relative to the Underlying Stock and only on a Daily basis.

- **This Product is concentrated in a single Underlying Stock.**
  Given its non-diversified and inverse nature, this Product is subject to extreme price volatility and may become non-viable within a short period. You may lose a significant portion or all of your investment within one day.

- **This product is not intended for holding longer than one day.**
  The performance of this product over a longer period may deviate from the Daily targeted inverse performance of the Underlying Stock 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 **constantly monitor the performance of their holdings on a Daily basis**.

- **This Product is subject to swap fees of up to 12% per annum of Product's NAV.**
  The related costs are deducted from the Product's NAV on a daily basis. Such costs contribute to tracking difference, which can potentially be very high and cause the Product's daily return to underperform the Daily targeted inverse performance of the Underlying Stock.

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:	7388
Trading lot size:	10
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[#]	3.00% (0.012%)

[#] The ongoing charges figure is an estimate based on the annualized projection of the actual expenses for the period between the Product's

(annual average daily ongoing charges*):	
Estimated annual average daily tracking difference##:	-0.07%
Underlying Stock:	NVIDIA Corp (NASDAQ: NVDA)
Base currency:	US dollars (USD)
Trading currencies:	Hong Kong dollars (HKD)
Financial year end:	31 December
Dividend policy:	Annually in December (if any) subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital. All Units will receive distributions in the base currency (USD) only.
Website:	https://www.csopasset.com/en/products/hk-nvda-2i

What is this product?

CSOP NVIDIA Daily Max (-2x) 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. The Product uses a swap-based synthetic replication strategy by investing directly in Swaps, so as to give the Product the Daily targeted inverse performance of the Underlying Stock. 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 Daily targeted inverse performance of the common stock of NVIDIA Corp (NASDAQ: NVDA) (the "**Underlying Stock**"). The leverage factor may vary on a daily basis depending on market circumstances, and the Manager will seek to maintain the leverage factor at two times inverse (-2x) of the Daily performance of the Underlying Stock under normal market conditions. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

"**Daily**" in relation to the inverse performance of the Underlying Stock or the performance of the Product (i.e. the NAV return), means the inverse performance of the Underlying Stock or the performance of the Product (as the case may be) from the close of the underlying market on which the Underlying Stock is traded on a given Business Day (i.e. a day when the SEHK and the NASDAQ are open for normal trading+) until the close of the underlying market on the subsequent

inception date and 31 December 2025, and represents the sum of the estimated ongoing expenses chargeable to the Product expressed as a percentage of the Product's net asset value ("**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 ETF website for more up to date information on actual tracking difference.

+ Circumstances (as the case may be and as applicable) such as, but not limited to, trading halts due to stock price limits, market circuit breakers, unforeseen incidents, or other disruptions may impede normal trading activities. On

Business Day. Accordingly, "**Daily**" performance may include a period of more than one day if the SEHK and/or the underlying market is closed following a given Business Day, for example, due to holiday(s) or other reasons.

Flexible leverage structure

Under certain market circumstances (e.g. capacity constraints or cost implication), the leverage factor of the Product applicable to a particular Trading Day (i.e. a day on which trading is conducted on the SEHK) may be lower or substantially lower than the maximum leverage factor (i.e. lower than two times inverse (-2x) and may be as low as -1.1 times under extreme market conditions). The Manager will seek to restore the Product's leverage factor to two times inverse (-2x) as soon as possible once the constraints subside.

The Manager will publish the Daily targeted leverage factor of the Product for the next Trading Day on the Product's website and HKEX's website at www.hkexnews.hk as soon as reasonably practicable after market close on each Trading Day, and in any event, before the market opens on the next Trading Day. **Investors should refer to the Product's website and the HKEX's website at www.hkexnews.hk for the targeted leverage factor of the Product for the next Trading Day.**

At the time of Daily rebalancing, the Manager will seek to maintain the Product's net derivative exposure to financial derivative instruments within +/-2% of the targeted exposure. Accordingly, the actual leverage factor of the Product after rebalancing may deviate from the Daily targeted leverage factor by such small margin due to factors including, but not limited to, foreign exchange movements, fees and financing costs, trading slippage and rounding constraints. However, the deviation may exceed +/-2% due to unforeseeably large market movements or extreme circumstances during the rebalancing period. Investors can refer to the Product's website for the actual leverage factor which will be updated on each Business Day after the close of the underlying market.

Strategy

The Product seeks to achieve its investment objective by using a Swap-based synthetic replication strategy as discussed below.

Swap-based synthetic replication investment strategy

Synthetic Replication using Swap

The Product will enter into more than one partially-funded Swaps (which are over-the counter financial derivative instruments entered into with more than one Swap Counterparties) whereby the Product will provide a portion of the net proceeds from subscription from the issue of the Units as initial margin ("Initial Amount") to the Swap Counterparties which will be held by the custodian appointed by the Trustee in segregated accounts and will only be transferred to the Swap Counterparties when the Product defaults and in return the Swap Counterparties will provide the Product with an exposure to the Underlying Stock (net of transaction costs).

Initial Amount

No more than 65% of the NAV of the Product from time to time will be used as Initial Amount by way of cash and listed units of money market funds authorised by the SFC to acquire the Swaps.

Under exceptional circumstances (e.g. increased Initial Amount requirement by the Swap Counterparty in extreme market turbulence), the Initial Amount requirement may increase substantially. The Initial Amount will be transferred to the Product's custodian appointed by the Trustee who will hold the amount for the Product in designated accounts, and the Swap Counterparty will have a security interest over the Initial Amount (and the relevant accounts) upon such transfer. There is no transfer of legal title, and the Initial Amount remains with the Product, but a security interest will be created thereupon in favour of the Swap Counterparty.

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such occasions, the day may not qualify as a Business Day, unless otherwise agreed by the Manager and the Trustee. There may be no rebalancing for the day which may not qualify as a Business Day.

Other investments

Not less than 20% of the NAV (this percentage may be reduced proportionately under exceptional circumstances where there is a higher Initial Amount 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 government bonds, money market funds and short-term and high quality money market instruments in accordance with the requirements of the Code on Unit Trusts and Mutual Funds ("**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.

No more than 10% of the NAV may be invested in collective investment schemes which may be eligible schemes (as defined by the SFC) or authorised by the SFC in accordance with all the applicable requirements of the Code. For the avoidance of doubt, the Product's investment in the money market funds mentioned in the preceding paragraph is not subject to this limit. Any investment in ETFs will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11A and 7.11B of the Code.

For the avoidance of doubt, the Product will not invest in collective investment schemes which are non-eligible schemes and not authorised by the SFC.

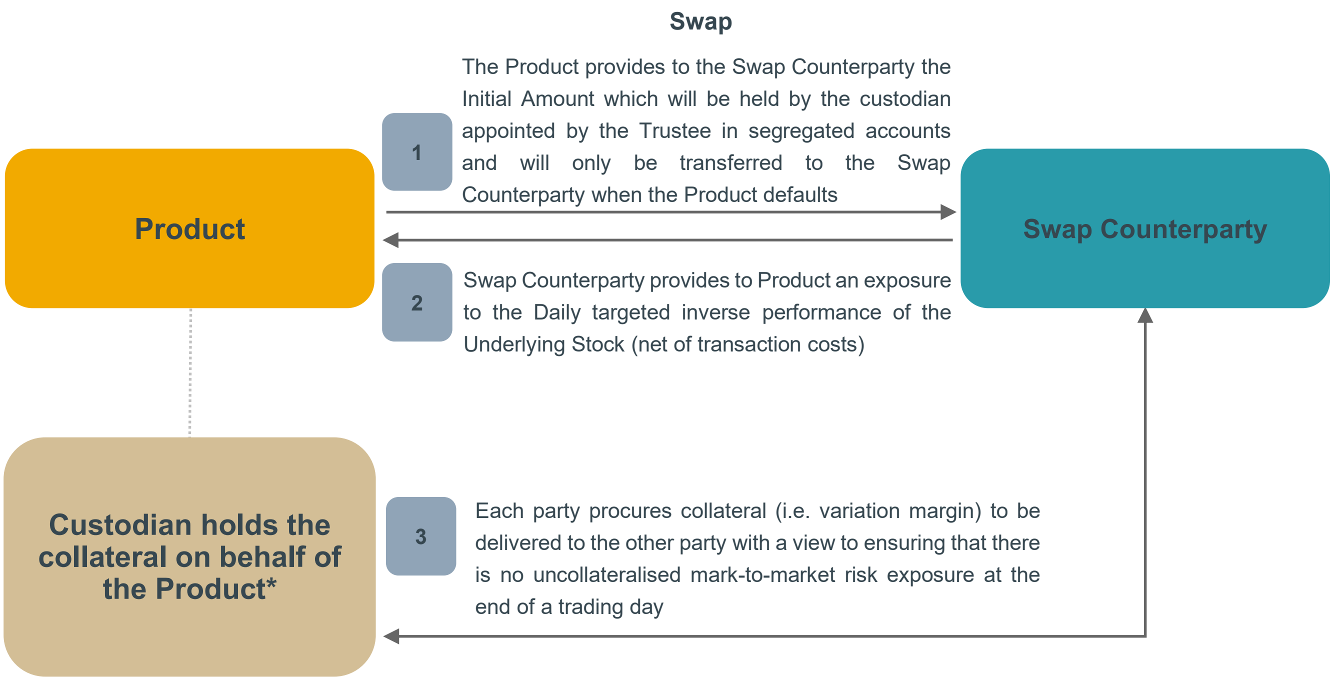
All investments of the Product other than Swaps will comply with 7.36 to 7.38 of the Code. The Manager has no current intention to enter into any securities lending, repurchase and reverse repurchase or similar transaction in respect of the Product.

Collateral

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

Each Swap Counterparty will deliver collateral with a view to reduce the net exposure of the Product to each counterparty to 0% (zero per cent), although a minimum transfer amount of up to USD250,000 (or currency equivalent) will be applicable.

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



** The Initial Amount will be held by the custodian in segregated accounts subject to security interest.*

Criteria for Selection of Swap Counterparty

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

Swap Fees

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

If the swap fee (SOFR plus spread) is a positive figure, then it will be borne by the Product and may have an adverse impact on its NAV and the performance of the Product, and may result in a negative impact on the tracking difference of the Product. On the contrary, if the swap fee (SOFR plus spread) is a negative figure, the Swap Counterparty will pay the swap fee to the Product and may lead to a positive impact on the tracking difference of the Product (currently the swap fees are expected to range from -3.00% to 6.00% per annum of the Swap notional amount, i.e. from -6.00% to 12.00% per annum of the Product's NAV when maintaining the -2x leverage factor. This is a best estimate only and may deviate from the actual market conditions). In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees. When the actual swap fee level exceeds the disclosed level, the Manager will issue notice to the investors. The Product shall bear the swap fees (including any costs associated with the entering into, or unwinding or maintenance of, any hedging arrangements in respect of such Swaps). Swap fees are accrued daily and spread out over the month. The maximum unwinding fee payable by the Product is 50bps per transaction on the notional amount of the Swap unwound.

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

Daily rebalancing

The Product as an inverse product will rebalance its position on a day when the SEHK and the NASDAQ are open for trading (i.e. a Business Day+). On such days the Product will seek to rebalance its portfolio at or around the close of trading of the NASDAQ, by decreasing exposure in response to the Underlying Stock's Daily targeted inverse gains or increasing exposure in response to the Underlying Stock's Daily targeted inverse losses, so that its Daily targeted inverse exposure ratio to the Underlying Stock is consistent with the Product's investment objective.

Underlying Stock

NVIDIA Corp is a semiconductor company that designs and supplies graphics processing units. It offers solutions in relation to artificial intelligence, data centre and cloud computing, robotics and self-driving vehicles. NVIDIA Corp is listed on the NASDAQ, a stock exchange based in the US.

Use of derivatives / investment in derivatives

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

What are the key risks?

The Product is concentrated in the single Underlying Stock and is subject to the risks associated with the Underlying Stock as mentioned below and extreme price volatility. Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.

1. Investment risk

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

2. Single stock concentration risk

- The Product is subject to concentration risk as a result of tracking the inverse performance of the single Underlying Stock. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments due to the non-diversified nature of investing in the single Underlying Stock. The value of the Product may be more susceptible to adverse conditions in respect of such particular Underlying Stock.

3. Extreme price volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities and the leverage effect. Furthermore, the Product is concentrated in a single Underlying Stock. Given its non-diversified and leveraged nature, the

Product is subject to extreme price volatility and may become non-viable within a short period. You may lose a significant portion or all of your investment within one day.

- Under exceptional circumstances where the Product is at significant risk of becoming non-viable, the Manager may use its discretion to deviate from the investment strategy or take defensive measures, which may include (i) liquidating swap positions and re-entering the swap contracts at the market close on the same Business Day depending on market condition; (ii) activating a stop loss mechanism for swap positions; and (iii) suspending trading of the Product, in order to safeguard the interests of the Product and its Unitholders to prevent potential negative fund value and protect the interests of the investors. Such circumstances may arise if there are extreme price movements of the Underlying Stock and the Manager will issue a notice to inform investors
- Regarding the stop loss mechanism, the Manager has pre-agreed with each Swap Counterparty in the contractual terms set out in the agreements a mechanism that aims to limit the downside of the relevant swap positions so that such positions retain at least 10% of the Product's NAV of the last Business Day (before any fees and costs, including but not limited to swap fee and unwinding fee) for each dealing day should the Underlying Stock experience extreme price movements. For the avoidance of doubt, this mechanism applies solely at the level of the relevant swap positions and does not constitute, nor should it be construed as, a floor or guarantee on the Product's overall portfolio or its NAV. If that eventuates, the indicative NAV of the Product will reflect the impact of the stop loss mechanism in respect of the swap positions, among other factors. However, the NAV or indicative NAV of the Product may not necessarily be maintained at 10% of the Product's NAV of the last Business Day, including as a result of fees, costs, expenses, other investments of the Product, market movements or other circumstances.
- The stop loss mechanism may result in a greater tracking difference and a higher risk that the Product is traded at a premium or discount in the secondary market. Investors should refer to the indicative NAV and NAV of the last Business Day of the Product on the Product's website and should take caution to ascertain whether the secondary trading prices are reasonable.
- Please note that there is no guarantee that (i) the stop loss mechanism will fully and effectively achieve its desired result; and (ii) the secondary trading prices of the Product will reflect such swap stop loss mechanism.

4. Risks associated with the adoption of flexible leverage structure

- The Product adopts a flexible leverage structure, under which the leverage factor may vary on a daily basis, subject to a maximum leverage factor of two times inverse (-2x). While the Manager will seek to maintain the leverage factor at two times inverse (-2x) under normal market conditions, under certain market circumstances (e.g. capacity constraints or cost implication), the leverage factor of the Product applicable to a particular Trading Day may be lower or substantially lower than the maximum leverage factor (i.e. lower than two times inverse (-2x) and may be as low as -1.1 times under extreme market conditions).
- The determination of the leverage factor depends on the prevailing market conditions and capacity constraints. A lower leverage factor may be adopted at a timing that may be disadvantageous to investors, for example, if the leverage factor is reduced from two times inverse (-2x) before a sharp decline in the price of the Underlying Stock, the Product may fail to capture anticipated gains it would otherwise have under the original or higher leverage factor. The adoption of a lower leverage factor may still amplify the adverse effects of path dependency or compounding if investors hold the Product for longer than the rebalancing interval, i.e. one Business Day.

5. Risks associated with the Underlying Stock – NVIDIA Corp

- The following factors may contribute to the price volatility of the Underlying Stock which may in turn impact the daily NAV of the Product.
- ***Risks specific to the Underlying Stock*****:** NVIDIA Corp is subject to the risk of market movements due to the evolving needs of its large markets and identifying new products, services and technologies; competition; supply chain issues; manufacturing issues. Given it's pivotal in the development of artificial intelligence (AI), NVIDIA Corp is also subject to risks concerning responsible use of AI; as well as increasing regulatory scrutiny and legal issues regarding AI. In light of NVIDIA Corp's correlation to novel sectors such as AI, it is subject to extreme market volatility.
- ***Large/mega-capitalisation company risk*****:** NVIDIA Corp is a large/mega-capitalisation company that is subject to slower growth during times of economic expansion. Large/mega-capitalisation companies typically have high price-to-earnings ratio than smaller capitalisation companies which can lead to overvaluation. Stock prices of these companies may exhibit greater volatility due to these factors. These companies usually exert market dominance and therefore frequently face regulatory pressures, in particular, antitrust scrutiny.
- ***Semi-conductor company risk*****:** The risks of investments in the semiconductor sector industry include: intense competition, both domestically and internationally, including competition from subsidized foreign competitors with lower production costs; risks of rapid obsolescence of products; economic performance of the customers of semiconductor companies; and rapidly changing product and market demands. The stock prices of semiconductor companies have been and likely will continue to be extremely volatile.
- ***Artificial intelligence (AI) and big data company risk*****:** Companies engaged in AI and big data typically face intense competition and potentially rapid product obsolescence. These companies are also heavily dependent on intellectual property rights. AI and big data companies typically engage in significant amounts of spending. AI and big data companies are potential targets for cyberattacks. In addition, AI technology could face increasing regulatory scrutiny in the future. Country, government, and/or region-specific regulations or restrictions could have an impact on AI and big data companies.
- ***Technology theme risk*****:** NVIDIA Corp is in the technology sector and is characterised by relatively higher volatility in price performance when compared to other economic sectors. The price volatility of the Underlying Stock may be greater than the price volatility of other companies. Rapid changes could render obsolete the products and services offered by companies in the technology sector. Rapid changes to the products and services offering may further contribute to the price volatility of NVIDIA Corp. NVIDIA Corp is also subject to cyber security risks and potential legal, financial, operational and reputational consequences.

6. Inverse performance risk

- The Product tracks the Daily targeted inverse performance of the Underlying Stock on a Daily basis, using leverage to achieve a Daily return equivalent to the Daily targeted inverse performance of the Underlying Stock. Both gains and losses will be magnified and in the Daily targeted inverse direction of the Daily performance of the Underlying Stock. Should the price of the Underlying Stock increase, it could have a magnified 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.

7. Leverage risk

- The Product will utilise leverage to achieve a Daily return equivalent to the Daily targeted inverse return of the Underlying Stock. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bull market will be substantially more than a fund that does not employ leverage. For example, if the stop loss mechanism cannot achieve its desired effects, the price of the Underlying Stock could increase by more than 50% on a particular day and this may result in the total loss of the investors' investment in the Product. Such total loss of investment could occur in a relatively short period of time if there is a material market movement.

8. Long term holding risks

- **The Product is not suitable 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 Daily targeted inverse performance of the Underlying Stock over that same period (e.g. the loss may be more than the increase in the price of the Underlying Stock multiplied by the Daily targeted leverage factor). This effect may be more pronounced for longer holding periods and in products with larger leverage factor and/or inverse exposure. Investors should not expect the actual percentage return of investing in the Product to be equal to the Daily targeted inverse percentage change in the price of the Underlying Stock for periods of longer than one day.
- The effect of compounding becomes more pronounced on the Product's performance as the price of the Underlying Stock experiences volatility. With higher volatility of the price of the Underlying Stock, the deviation of the Product's performance from the Daily targeted inverse performance of the Underlying Stock will increase, and the performance of the Product will generally be adversely affected.
- As a result of Daily rebalancing, the volatility of the price of the Underlying Stock 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 Underlying Stock's performance falls or is flat. Investors in the Product should actively manage and monitor their investments, as frequently as daily.
- The table below illustrates the potential investment outcomes of holding the Product for a period longer than one day in a volatile market on the basis that the Product maintains the -2x leverage factor. For example, where an investor has invested in the Product on day 0 and the price of the Underlying Stock falls by 2% in total at the end of day 4, the Product would have an accumulated loss of 7.8%, instead of a 4% gain which is -2x the accumulative return of the Underlying Stock.

	Day 0	Day 1	Day 2	Day 3	Day 4
Price of Underlying Stock	100.0	90.0 (down 10%)	99.0 (up 10%)	108.9 (up 10%)	98.0 (down 10%)
NAV per Unit of the Product	$100.0	$120.0 (up 20%)	$96.0 (down 20%)	$76.8 (down 20%)	$92.2 (up 20%)
The Product's target exposure to Underlying Stock at day-end	$-200.0	$-240.0	$-192.0	$-153.6	$-184.3
Cumulative return of Underlying Stock multiplied by minus two		*+20.0%*	*+2.0%*	*-17.8%*	*+4.0%*
Cumulative return (Product)		*+20.0%*	*-4.0%*	*-23.2%*	*-7.8%*

Difference		**0.0%**	**-6.0%**	**-5.4%**	**-11.8%**

9. Synthetic replication and counterparty risks

- ***Under collateralisation risk*****:** The Manager seeks to mitigate the counterparty risks by fully collateralising all Swap Counterparty exposures. There is a risk that the value of the collateral may be substantially lower than the amount secured and so the Product may suffer significant losses. Any loss would result in a reduction in the NAV of the Product and impair the ability of the Product to achieve its investment objective.

  The Product may suffer significant losses if the Swap Counterparty fails to perform its obligations under the Swap. The value of the collateral assets may be affected by market events and may diverge substantially from the inverse performance of the Underlying Stock, which may cause the Product's exposure to the Swap Counterparty to be under-collateralised and therefore result in significant losses.

- ***Default risk*****:** The Product seeks to obtain the required exposure through more than one Swap with more than one Swap Counterparty. The Product is therefore exposed to counterparty risk and default risk of the Swap Counterparties and may suffer significant losses if a swap counterparty fails to perform its obligations. Derivative instruments are susceptible to price fluctuations and higher volatility, which may result in large bid and offer spreads with no active secondary market. The Product may suffer losses potentially equal to the full value of the financial derivatives.

- ***Intra-day counterparty risk*****:** The Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day. If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2. Despite the counterparty risk management measures in place, the management of the Product's net exposure to each Swap Counterparty to zero is subject to settlement risks arising from settlement failures and market risks (including price movements prior to the required cash payment by the Swap Counterparty to the Product). Any delay in the cash payment by the Swap Counterparty to the Product prior to the end of the relevant trading day T+2 may cause the Product's exposure to a Swap Counterparty to be larger than zero from time to time. This may result in significant losses for the Product in the event of the insolvency or default of that Swap Counterparty.

- ***Early termination of Swaps risk*****:** In some circumstances, a Swap Counterparty can terminate the swap agreements early which may adversely impact the Product's performance. Such early termination can also impair the Product's ability to achieve its investment objective and may subject the Product to substantial loss. Also, the Product may face an increase in the cost to enter into a similar swap agreement with additional Swap Counterpart(ies).

- ***High swap fees risk:*** The Product will bear the swap fees, which are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The current swap fees are a best estimate only and may deviate from the actual market conditions. The swap fees of the Product may be higher than that of other leveraged and inverse products tracking broad-based indices or commodities indices due to market condition, market sentiment on the Underlying Stock and changes in interest rates. This may have an adverse impact on the NAV and performance of the Product, and hence may result in higher tracking difference. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees.

- ***Capacity limit risk:*** The Swap Counterparties may also be subject to a capacity limit representing the commitment of the Swap Counterparty to conduct the Swap transactions to provide the required exposure to the Underlying Stock for the Product. Accordingly, the Product's exposure to the Underlying Stock may be affected. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if any Swap Counterparty reaches its capacity limit or if the NAV of the Product grows significantly this may prevent creations of Units due to the inability of the Product to conduct Swap transactions. This may cause a divergence between the trading price of a Unit on the SEHK and the NAV per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

10. 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.

11. Unconventional return pattern risk

- Risk investment outcome of the Product is the opposite of conventional investment funds, and any gains and losses will be magnified by approximately the Daily targeted leverage factor. If the price of the Underlying Stock increases for extended periods, the Product will likely to lose most or all of its value.

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, closure of market or trading halt of underlying market, regulatory restrictions, counterparty capacity limits or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

13. 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. If investors buy the Units at a premium, its subsequent price performance may significantly deviate from the Daily targeted inverse performance of the Underlying Stock when the premium subsequently narrows. Investors should pay attention to the bid-ask spread of the Units and refer to the intra-day indicative NAV published on the Product's website to assess whether the trading price is reasonable.
- 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.
- In addition, under extreme market conditions, the trading price of the Units may fall to a very low nominal level. In such circumstances, the bid-ask spreads of the Product may widen significantly, trading liquidity may deteriorate, and market makers may face practical difficulties or be unable to fulfil their market making obligations. The trading price may reach the price floor of 0.01 (of any available currency unit). Where this occurs, the secondary market trading price of the Units may

not be able to fully reflect movements in the NAV or indicative NAV of the Product, and the Units may trade at prices that deviate materially from their respective NAV. Investors should exercise caution when trading the Units in the secondary market and should consider the latest available NAV, indicative NAV, trading price, bid-ask spread and liquidity of the Product before making any investment decision.

14. Trading difference risks

- Premiums or discounts to the NAV may arise when the Product and its Underlying Stock trade on exchanges that are in different time zones. As the exchange of the Underlying Stock may be open when the Units are not priced, the value of the Product's portfolio may change on days when investors will not be able to purchase or sell Units. On the other hand, if the exchange of the Underlying Stock is closed (e.g. due to holiday or severe weather conditions) while the SEHK is open, this may affect the level of premium or discount of the trading price of the Product to its NAV. Volatility on the SEHK, as well as supply and demand for Units traded on the SEHK, may lead to the Units of the relevant Product trading at a premium or discount to the NAV. In case the trading of the Underlying Stock is suspended, the Product may encounter a higher level of premium or discount of the trading price of the Product to its NAV. The trading price of the Units may deviate significantly from NAV, particularly during volatile market conditions.

15. Tracking error and correlation risks

- The Product may be subject to tracking error risk, which is the risk that its performance may not track that of the Daily targeted inverse performance of the Underlying Stock exactly. This tracking error may result from the investment strategy used, high portfolio turnover, liquidity of the market and fees and expenses (including those associated with the Product's use of financial derivative instruments) and the correlation between the performance of the Product and the Daily targeted inverse performance of the Underlying Stock may be reduced. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication of the inverse performance of the Underlying Stock at any time, including on an intra-day basis or between a Business Day.

16. Investment risk intraday and between Business Days

- The Product is normally rebalanced at the end of trading of the underlying market on each Business Day, where both SEHK and the underlying market are open for normal trading. For other points of time between two Business Days, the Product's exposure to the Underlying Stock relative to its intraday NAV may be different from the latest Daily targeted leverage factor, due to movement of the price of the Underlying Stock since the end of the previous Business Day. As such, return for investors that purchase the Product during these points of time (e.g. in the middle of the trading session) will generally be different from the Daily targeted inverse investment exposure to the Underlying Stock.
- In addition, the Product may not rebalance on a day that is not a Business Day for various reasons. For example, if the underlying market is closed (for example, due to holiday(s) or other reasons) on the day(s) following such Business Day (the "**Following Day(s)**"), the Product will not rebalance on such Following Day(s), notwithstanding the Product can be traded on the SEHK on such Following Day(s). Alternatively, if the SEHK is closed, but the underlying market remains open, on the Following Day(s), the Product will not rebalance on such Following Day(s) as well. Furthermore, if there is an unexpected closure, trading halt or suspension of the underlying market on the Following Day(s), the Manager may not be able to adjust the underlying exposure of the Product as originally contemplated until the next available Business Day. In such circumstances, "**Daily**" shall

be construed to mean the period from the close of the underlying market on a Business Day to the close of the underlying market on the next Business Day, and return for investors that invest for period less than a full Daily rebalancing cycle (which, for the avoidance of doubt, may include more than one day) will generally be greater than or less than the Daily targeted inverse investment exposure to the Underlying Stock, depending upon the movement of the price of the Underlying Stock from the end of one Business Day until the time of purchase. For further information, investors should refer to the illustrative scenarios in the Prospectus.

17. Liquidity risk

- The rebalancing activities of the Product typically take place near the end of trading of the underlying 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 and the Swap Counterparty's capacity to execute may also be subject to liquidity risk.

18. 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.

19. 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.

20. Passive investments risk

- The Product is not "actively managed" and, under normal market circumstances, the Manager will not adopt any temporary defensive position when the price of the Underlying Stock 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.

21. Reliance on market maker risk

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units traded in each counter 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 for each counter. There is also no guarantee that any market making activity will be effective.

22. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker or if the size of the Product falls below USD20 million or if the Manager is unable to implement its investment strategy (e.g. if the Underlying Stock is delisted). Investors may not be able to recover their investments and suffer a loss when the Product is terminated.

23. Foreign exchange risk

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

24. USD distribution risk

- Investors should note that Unitholders will only receive distributions in USD and not HKD. In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

How has the Product performed?

Since the Product is newly established, 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
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[2]
Trading fee	0.00565%[3] of the trading price
Stamp duty	Nil

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

[2] *AFRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller from 1 January 2022.*

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

Ongoing fees payable by the Product

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

	Annual rate (as a % of NAV)
Management fee*	1.6%
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, in the English and Chinese languages (unless otherwise specified), on the Manager's website at https://www.csopasset.com/en/products/hk-nvda-2i (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, the Underlying Stock, 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 of the Product in USD and 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) the full portfolio information of the Product (updated on a Daily basis);

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

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

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

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

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

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

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

(q) the Daily targeted leverage factor adopted by the Product for the next Trading Day (updated as soon as reasonably practicable after market close on each Trading Day, and in any event, before the market opens on the next Trading Day); and

(r) the actual leverage factor of the Product and a graph showing the Product's historical leverage factor (updated on each Business Day after the close of the underlying market).

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

The last NAV per Unit of the Product in HKD is indicative and for reference purposes only and 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.

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.