

CSOP China Healthcare Disruption Index ETF
a sub-fund of the CSOP ETF Series OFC

CSOP Asset Management Limited

25 April 2024

- ***This is a passive exchange traded fund.***
- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Prospectus.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Stock code:	3174
Trading lot size:	100 Shares
Fund Manager:	CSOP Asset Management Limited
Custodian:	Cititrust Limited
Registrar:	Tricor Investor Services Limited
Sub-Custodian and Administrator:	Citibank, N.A., Hong Kong Branch
Underlying Index:	Solactive China Healthcare Disruption Index
Base currency:	Hong Kong Dollars (“ HKD ”)
Trading currency:	HKD
Financial year end of this fund:	31 December
Dividend policy:	Subject to the Manager’s discretion. Currently the Manager intends to distribute income to Shareholders annually (in December). Distributions may be paid out of capital or effectively out of capital and reduce the Sub-Fund’s net asset value (“ NAV ”). Distributions on any Shares will be in HKD only.
Ongoing charges over a year:	Maximum 3.00% p.a. [#]
Tracking difference of the last calendar year:	-3.28% ^{##}
ETF Website:	http://www.csopasset.com/en/products/hk-health (this website has not been reviewed by the SFC)

[#] The ongoing charges figure represents the sum of the ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund’s NAV. The Manager will cap the ongoing charges figure for the Sub-Fund at a maximum of 3% p.a. (“OCF Cap”). This means that any expense of the Sub-Fund (falling within the scope of ongoing expenses) incurred during this period will be borne by the Manager and will not be charged to the Sub-Fund if such expense would result in the ongoing charges figure exceeding the OCF Cap.

^{##} This is the actual tracking difference of the last calendar year. Investors should refer to the Sub-Fund’s website for more up to date information on actual tracking difference.

What is this product?

The CSOP China Healthcare Disruption Index ETF (the “**Sub-Fund**”) is a sub-fund of the CSOP ETF Series OFC (“**Company**”), which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds. The Sub-Fund is a passively managed index tracking ETF authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the “**Shares**”) are traded on the Stock Exchange of Hong Kong Limited (the “**SEHK**”) like stocks.

SFC registration and authorization do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or their performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.

The Sub-Fund is a physical ETF and invests primarily in Hong Kong listed companies that have business operations in various innovative fields such as biotechnology and biopharmaceuticals in the healthcare sector in mainland China, Hong Kong, Taiwan and Macau. The Sub-Fund is denominated in HKD.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index, namely, Solactive China Healthcare Disruption Index (the “**Index**”). There is no assurance that the Sub-Fund will achieve its investment objective.

Investment Strategy

The Sub-Fund is a physical ETF and invests primarily in Hong Kong listed companies that have business operations in various innovative fields such as biotechnology and biopharmaceuticals in the healthcare sector in mainland China, Hong Kong, Taiwan and Macau. The Sub-Fund is denominated in HKD. In order to achieve the investment objective, the Sub-Fund primarily uses a physical representative sampling strategy through investing up to 100% of its NAV in a representative portfolio of securities that collectively has a high correlation with the Index, but whose constituents may or may not themselves be constituents of the Index (“**Index Securities**”).

In pursuing a representative sampling strategy, the Sub-Fund may or may not hold all Index Securities, and may hold securities which are not Index Securities. The full holdings of the Sub-Fund is available on the Manager’s website and will be updated on a daily basis. The Manager may cause the Sub-Fund to deviate from the index weighting on condition that the maximum deviation from the index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager after consultation with the SFC.

The Manager may invest in financial derivative instruments (“**FDIs**”) including futures and swaps with no more than 30% of the Sub-Fund’s NAV for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. The futures may be invested by the Sub-Fund will be index futures to manage exposure to the constituents of the Index, such as spot month futures contracts of Hang Seng Index or Hang Seng China Enterprise Index. On the other hand, the swaps which may be invested by the Sub-Fund will be funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the Swap Counterparty(ies) and in return the Swap Counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant Securities (net of indirect costs). The expected proportion of the Sub-Fund’s NAV subject to investments in futures and swaps will not exceed 10% and 20% of its NAV, respectively. Exposure of the Sub-Fund to the Index Securities (either through direct investment or FDIs) will be in substantially the same weightings (i.e. proportions) as these Index Securities have in the Index.

Securities Lending

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. All Securities Lending Transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

Please refer to the section “Securities Financing Transactions” under “Investment Objective, Investment Strategy, Investment Restrictions, Securities Lending and Borrowing” of Part 1 of the Prospectus and the Appendix of the Sub-Fund in Part 2 of the Prospectus regarding details of the arrangements.

Other investments

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

The Manager does not currently enter into Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions.

Prior approval of the SFC (to the extent required under applicable regulatory requirements) will be sought and not less than one month's prior notice (or such shorter notice period as may be permitted under applicable regulatory requirements) will be given to Shareholders in the event the (i) Manager wishes to invest in Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions, or (ii) the Manager wishes to adopt an investment strategy other than a representative sampling strategy.

Index

The Index is a net total return, total market capitalisation weighted index that provides representation of Hong Kong listed companies (including stocks listed pursuant to Chapter 18A of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) that have business operations in various innovative fields such as biotechnology and biopharmaceuticals in the healthcare sector in mainland China, Hong Kong, Taiwan and Macau. At least 30 Index securities by market capitalization are selected for Index inclusion (which may be composed of Focus Players and Non-Focus Players) and Focus Players are subject to a weight cap of 8.0% such that any weight of an Index Security which exceeds 8.0% will be distributed to other Index securities proportionally in an iterative manner. "Disruption" in the name of the Index refers to the possible radical changes to an existing industry or market due to technological innovation. The Index is quoted in HKD. A net total return index reflects the reinvestment of dividends or distributions, after deduction of any withholding tax.

The Index was launched on 28 April 2021 and had an initial level of 1,000 on 29 November 2019.

As of 22 March 2024, the Index had a total market capitalisation of HKD 552.13 billion and 30 constituents.

It is compiled and managed by Solactive AG ("the **Index Provider**"). The Manager and its connected persons are independent of the Index Provider.

The list of the constituents of the Index, their respective weightings, additional information and other important news of the Index can be obtained from the website of the Index Provider at <https://www.solactive.com/indices/?index=DE000SL0CZV3> (the contents of which has not been reviewed by the SFC).

ISIN: DE000SL0CZV3

Reuters Code: .SOLCHCDN

Bloomberg Code: SOLCHCDN

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. 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. Equity market risk

- The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- 3. New Index risk**
- The Index is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.
- 4. Disruption/innovative healthcare sector risk**
- The investments of the Sub-Fund are concentrated in the disruption/innovative healthcare sector. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments and companies that adopt more traditional business models.
 - The economic prospects of the healthcare sector are generally subject to greater influences from governmental policies and regulations than those of many other industries. Certain health care companies may allocate greater than usual financial resources to research and product development and experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, certain healthcare companies may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence.
 - Investing in companies in the innovative fields in the healthcare sector will subject to additional risks such as regulatory risks, financial risks and new business risks similar to the risks associated with biotech companies. Companies pursuing disruptive innovation may be less profitable at the outset and the Sub-Fund may suffer losses by investing in them.
 - All these may have an impact on the business and/or profitability of the healthcare companies in which the Sub-Fund invests and therefore may adversely affect the NAV of the Sub-Fund.
- 5. Risks associated with biotech companies**
- The investments of the Sub-Fund in the healthcare sector may include biotech companies. Biotech companies invest heavily in research and development which may not necessarily lead to commercially successful products, and the ability for biotech companies to obtain regulatory approval (for example, product approval) may be long and costly. In addition, the prospects of biotech companies may significantly be impacted by technological changes, increased governmental regulations and intense competition from competitors.
 - Many biotech companies are also dependent upon the ability to use and enforce intellectual property rights and patents, and any such impairment may have adverse financial consequences.
 - Biotech companies may incur net current liabilities which may expose the company to the risk of shortfalls in liquidity, prices may be more volatile than the overall market and would require the company to seek adequate financing such as external debt. Any difficulty or failure of a biotech company to meet its liquidity needs as and when needed may have a material adverse effect on its business, financial condition, results of operations and prospects.
 - Biotech companies invested by the Sub-Fund may be pre-revenue companies with limited track record or operating history, unlike other listed companies with longer track record or operating history. Pre-revenue companies refer to companies which have yet to generate any sales revenue typically because they do not have any products on the market yet. Pre-revenue companies are subject to a higher degree of risk generally and they have a higher risk of failure when compared to other companies. Valuations of pre-revenue companies are also subject to a high risk of being inaccurate. The Sub-Fund's investments in these companies will be subject to higher investment risks.
 - Biotech companies may not be able to generate any profits during the development stage of its products or at all. Even if a biotech company is able to generate revenue in a short run, it may not become profitable on a sustainable basis or at all.
 - All these may have an impact on the business and/or profitability of the biotech companies in which the Sub-Fund invests and therefore may adversely affect the NAV of the Sub-Fund.
- 6. Risks associated with pharmaceutical and medical devices companies**
- The investments of the Sub-Fund in the healthcare sector may also include pharmaceutical and medical devices companies. Pharmaceutical and medical devices companies are heavily dependent on patent protection. The expiration of patents may adversely affect the profitability of the companies. Many new products are subject to regulatory approval, the process of which can be long and costly and approved products are susceptible to obsolescence. Certain pharmaceutical and medical devices companies may allocate greater than usual financial resources to research and product development

and experience above-average price movements associated with the perceived prospects of success of the research and development programs. Pharmaceutical and medical devices companies are also subject to heavy competitive forces that may make it difficult to raise prices. All these may have impact on the business and/or profitability of pharmaceutical and medical devices companies in which the Sub-Fund invests and therefore may adversely affect the NAV of the Sub-Fund.

7. Concentration risk

- The Index is subject to concentration risk as a result of tracking the performance of companies active in the innovative fields in the healthcare sector. This may result in greater volatility in the value of the Sub-Fund than more diverse portfolios which comprise broad-based investments.
- The Index is subject to geographical concentration risks as a result of tracking the performance of primarily Hong Kong listed companies that have business operations in the field of healthcare sector in mainland China, Hong Kong, Taiwan and Macau. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market and places where these companies have business operations including mainland China, Taiwan and Macau.

8. Risks associated with investment in FDIs

- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

9. 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.

10. 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 Shares 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 Shares may be adversely affected if there is no or only one market maker for the Shares. There is also no guarantee that any market making activity will be effective.

11. Tracking error risk

- The Sub-Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

12. Trading risk

- The trading price of the Shares on the SEHK is driven by market factors such as the demand and supply of the Shares. Therefore, the Shares may trade at a substantial premium or discount to the Sub-Fund's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Shares on the SEHK, investors may pay more than the NAV per Share when buying Shares on the SEHK, and may receive less than the NAV per Share when selling Shares on the SEHK.

13. Risk of early termination

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below USD10,000,000 (or its equivalent in the Sub-Fund's base currency). Investors may not be able to recover their investments and suffer a loss when the Sub-Fund is terminated.

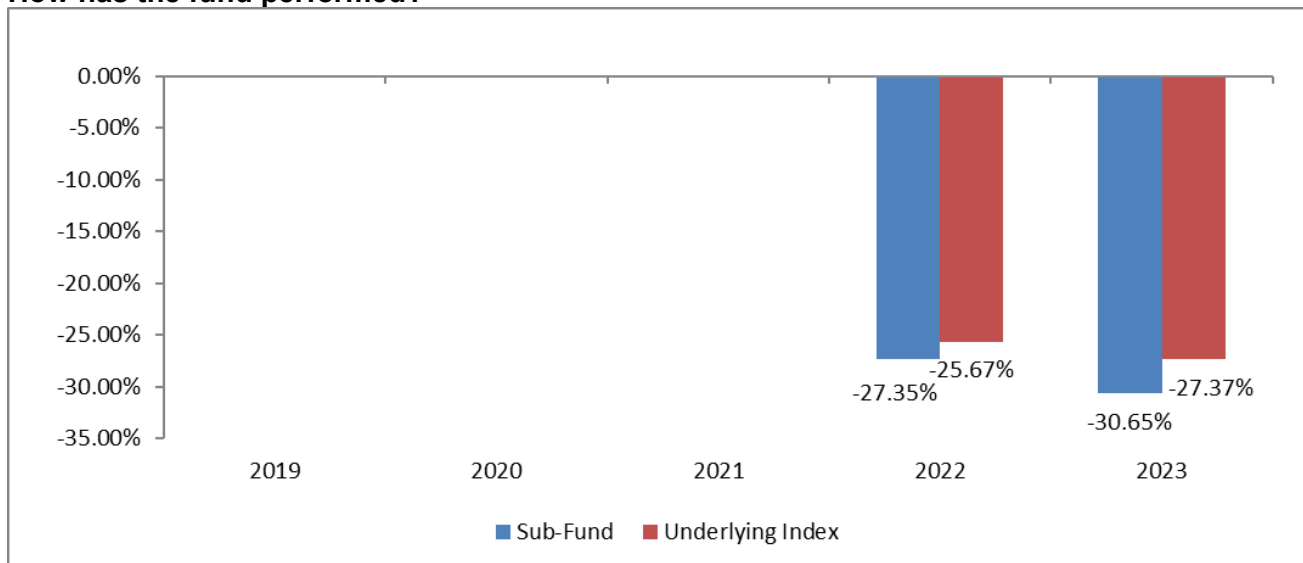
14. Risk relating to distributions paid out of capital

- 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 Share of the Sub-Fund.

15. Passive investment risk

- The Sub-Fund is passively managed and the manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund. Falls in the index are expected to result in corresponding falls in the value of the Sub-Fund.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 21 July 2021

Is there any guarantee?

The Sub-Fund does not have any guarantees. You may not get back the amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Sub-Fund on SEHK

Fee	What you pay
Brokerage fee	At market rates ¹
Transaction levy	0.0027% ²
Accounting and Financial Reporting Council (“AFRC”) transaction levy	0.00015% ³
Trading fee	0.00565% ⁴
Stamp duty	Nil

¹ The brokerage fee is payable in the currency decided by the intermediaries used by the buyer and the seller.

² Transaction levy of 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.

³ AFRC transaction levy of 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller.

⁴ Trading fee of 0.00565% of the trading price of the Shares, payable by each of the buyer and the seller.

Ongoing fees payable by the Sub-Fund

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

	<u>Annual rate (as a % of the Sub-Fund's NAV)</u>
Management Fee*	0.99% per annum
Custodian Fee (inclusive of fees payable to the Sub-Custodian)	Included in the Management Fee
Registrar Fee	Included in the Management Fee
Performance Fee	Nil
Administration Fee	Included in the Management Fee
Other Ongoing costs	Please refer to Part 2 of the Prospectus

** Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "Fees and Charges" in Part 1 of the Prospectus for details.*

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 <http://www.csopasset.com/en/products/hk-health> (this website has not been reviewed by the SFC), including:

- the Prospectus (as amended and supplemented from time to time);
- the latest Product Key Facts Statements;
- the latest annual and semi-annual financial reports in English;
- any public announcements made by the Sub-Fund, including information in relation to the relevant Sub-Fund and the Index, notices of the suspension of the calculation of NAV, changes in fees and charges, the suspension and resumption of trading of Shares;
- 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 Share 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 Share of the Sub-Fund in HKD;
- full portfolio information of the Sub-Fund (updated on a daily basis);
- 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 tracking different and tracking error of the Sub-Fund;
- the latest list of participating dealers and market makers; and
- the past performance information of the Sub-Fund.

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.