

# Product Key Facts

## iShares Hang Seng TECH ETF

BlackRock Asset Management North Asia Limited

30 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

<b>Stock code:</b>	09067 USD counter 03067 HKD counter
<b>Trading lot size:</b>	100 units (for USD and HKD counters)
<b>Manager:</b>	BlackRock Asset Management North Asia Limited
<b>Sub-Managers:</b>	BlackRock (Singapore) Limited (internal delegation, Singapore) BlackRock Investment Management (UK) Limited (internal delegation, United Kingdom) BlackRock Japan Co., Ltd. (internal delegation, Japan)
<b>Trustee, Registrar and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.25%
<b>Tracking difference of the last: calendar year<sup>##</sup></b>	-0.27%
<b>Underlying Index:</b>	Hang Seng TECH Index (net total return version)
<b>Base currency:</b>	Hong Kong dollars (HKD)
<b>Trading currency:</b>	USD, HKD
<b>Financial year end of this fund:</b>	31 December
<b>Distribution policy:</b>	Semi-annually, at the Manager's discretion (usually in May/June and November/December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. <b>All units will receive distributions in the Base Currency (HKD) only.</b> Please refer to "Distributions payable out of capital or effectively out of capital risk" below.

# The ongoing charges figure for is based on expenses for the year ended 31 December 2023 (calculated in HKD). This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the HS TECH ETF (as defined below) expressed as a percentage of the average NAV.

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

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

## What is this product?

This is a fund constituted in the form of a unit trust established under Hong Kong law and is a sub-fund of the iShares Asia Trust. The units of the iShares Hang Seng TECH ETF (the “**HS TECH ETF**”) are listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”). These units are traded on SEHK like listed stocks. The HS TECH ETF is a passively managed index tracking ETF falling under Chapter 8.6 of the Code on Unit Trust and Mutual Funds.

## Objective and Investment Strategy

### Objective

The HS TECH ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng TECH Index (net total return version) (the “**Underlying Index**”).

### Investment Strategy

The HS TECH ETF is a passively managed fund. It primarily adopts a representative sampling investment strategy to achieve its investment objective by investing in a portfolio of securities featuring high correlation with the Underlying Index, such that as far as possible and practicable the portfolio will consist of the component securities of the Underlying Index.

The HS TECH ETF will invest primarily in securities included in the Underlying Index. The HS TECH ETF may from time to time hold securities that are not included in the Underlying Index in circumstances which are independent of the Manager, including where trading in a constituent security has been suspended, such holding results from a corporate action of a constituent security, or the portfolio is being rebalanced in anticipation or response to a rebalance of the Underlying Index. The HS TECH ETF may also invest in investments including futures contracts, index futures contracts, options on futures contracts and options related to the Underlying Index, local currency and forward currency exchange contracts, swaps and cash and cash equivalents for both non-hedging purposes and hedging purposes, which the Manager believes will help the HS TECH ETF achieve its investment objective. The HS TECH ETF may invest in financial derivative instruments (“**FDIs**”) for non-hedging purposes subject to the limit that the HS TECH ETF’s net derivative exposure does not exceed 50% of the HS TECH ETF’s NAV.

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

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

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

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

For full details of the investment and borrowing details applicable to the HS TECH ETF, please refer to Schedule 1 of the Prospectus.

### Underlying Index

The Underlying Index is a free float adjusted market capitalisation weighted index the objective of which is to represent the 30 largest technology companies listed in Hong Kong which have high business exposure to selected technology themes, including internet (including mobile), fintech, cloud, e-commerce, or digital activities. The technology companies selected have to be companies that are listed on the main board of the SEHK (excluding secondary-listed Foreign Companies and Investment Companies listed under Chapter 21 of SEHK's Listing Rules). "**Foreign Companies**" are companies which are incorporated outside Greater China (i.e. Hong Kong, Mainland PRC, Macau and Taiwan) and have the majority of their business presence outside Greater China.

The Underlying Index is a net total return index, meaning that the performance of the index is calculated on the basis that dividends net of tax are reinvested. It was launched on 27 July 2020 and had a base level of 3,000 on 31 December 2014. The Underlying Index is compiled and managed by Hang Seng Indexes Company Limited, a wholly-owned subsidiary of Hang Seng Bank Limited. The Underlying Index is denominated and quoted in HKD.

As of 28 March 2024, it had a total free-float market capitalisation of HKD1,791.38 billion and 30 constituents.

The Manager and its connected persons are independent of the index provider of the Underlying Index.

For details (including the last closing index level, constituents of the Underlying Index and their respective weightings, and other important news), please refer to the website of the index compiler, Hang Seng Indexes Company Limited, at <https://www.hsi.com.hk/eng/indexes/all-indexes/hstech>. The Underlying Index's Bloomberg ticker is HSTECHN.

## Use of derivatives / investment in derivatives

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

## What are the key risks?

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

### 1. General investment risk

The HS TECH ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the HS TECH ETF may suffer losses. There is no guarantee of the repayment of principal. There is no assurance that the HS TECH ETF will achieve its investment objective.

### 2. Equity market risk

The HS TECH ETF'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 Underlying Index is a new index. The HS TECH ETF may be riskier than other exchange traded funds tracking more established indices with longer operating history.

### 4. Risks related to companies with a technology theme

- The HS TECH ETF's investments are concentrated in companies with a technology theme. Many of the companies with a high business exposure to a technology theme have a relatively short operating history. Technology companies are often characterised by relatively higher volatility in price performance when compared to other economic sectors. Companies in the technology sector also face intense competition, and there may also be substantial government intervention, which may have an adverse effect on profit margins. Rapid changes could render obsolete the products and services offered by these companies. These companies are also subject to the risks of loss or impairment of intellectual property rights or licences, cyber security risks resulting in undesirable legal, financial, operational and reputational consequences.
- The value of the HS TECH ETF may be more volatile than that of a fund having a more diverse portfolio of investments.
- The HS TECH ETF may be exposed to risks associated with different technology sectors and themes (including industries, consumer discretionary, healthcare, financials, information technology, internet (including mobile), fintech, cloud, e-commerce, or digital). A downturn in the business for companies in these sectors or themes may have adverse effects on the HS TECH ETF.

## **5. Geographical concentration risk**

The Underlying Index is subject to concentration risk as a result of tracking the performance of securities incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region. The NAV of the HS TECH ETF is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Underlying Index is more susceptible to fluctuations in value resulting from adverse conditions in a single region.

## **6. Foreign exchange risk**

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

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

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

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

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

## **9. Passive investment risk**

The HS TECH ETF is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the HS TECH ETF. Falls in the Underlying Index are expected to result in corresponding falls in the value of the HS TECH ETF.

## **10. Tracking error risk**

The HS TECH ETF may be subject to tracking error risk, which is the risk that its performance

may not track that of the Underlying Index exactly. This tracking error may result from the investment strategy used, fees and expenses, liquidity of the index constituents and changes to the Underlying Index. 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 Underlying Index.

### **11. 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. Therefore, the units may trade at a substantial premium or discount to the HS TECH ETF'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.

### **12. Multi-counter risks**

If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter only, which may inhibit or delay an investor dealing. The market price of units traded in each counter may deviate significantly. As such, investors may pay more or receive less when buying or selling units traded in one counter on the SEHK than in respect of units traded in another counter.

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

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the units traded in each counter and that at least one market maker to each counter gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the units on any counter. There is also no guarantee that any market making activity will be effective.

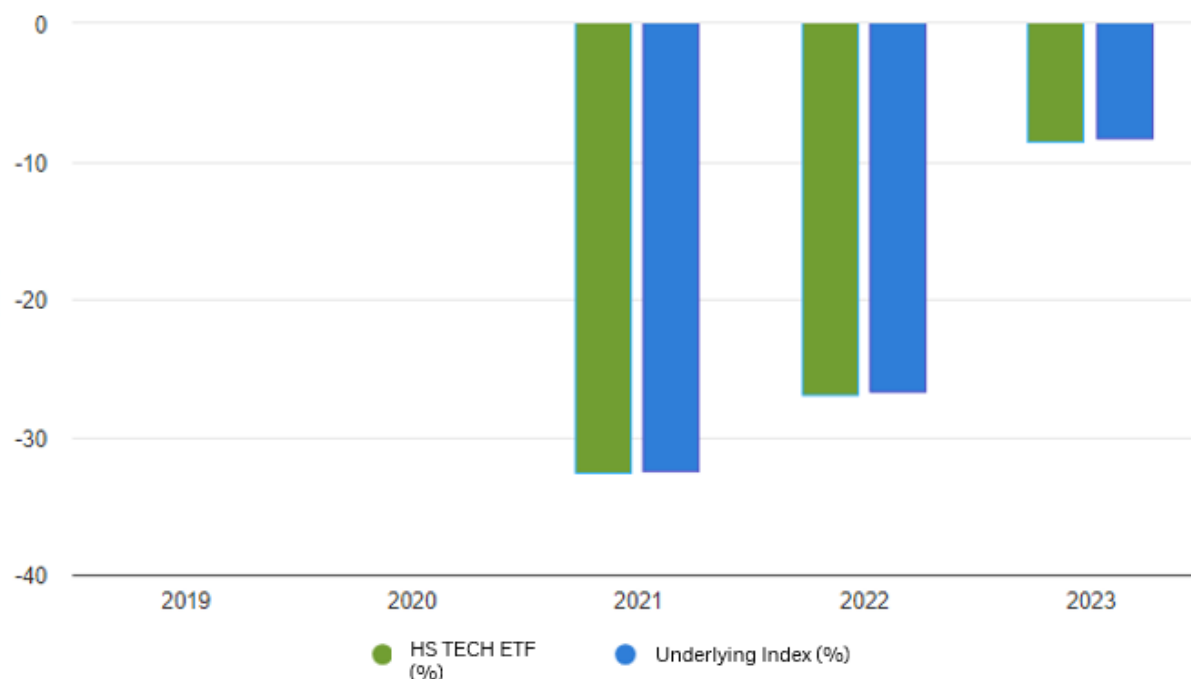
### **14. Distributions payable out of capital or effectively out of capital risk**

The Manager may at its discretion pay distributions out of capital, or effectively out of capital, of the HS TECH ETF. 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. Any such distributions may result in an immediate reduction of the NAV per unit.

### **15. Termination risk**

The HS TECH ETF may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the HS TECH ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. Investors may not be able to recover their investments and suffer a loss when the HS TECH ETF is terminated.

## How has the fund performed?



	2019	2020	2021	2022	2023
HS TECH ETF Return (%)			-32.64	-26.89	-8.54
Underlying Index Return (%)			-32.47	-26.67	-8.26

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

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- These figures show by how much the HS TECH ETF increased or decreased in value during the calendar year shown. Performance is calculated in HKD, including ongoing charges and taxes, and excluding fees and expenses payable by investors on SEHK.
- Underlying Index: HS TECH Index (net total return version)
- Launch date of HS TECH ETF: 17 September 2020

## Is there any guarantee?

The HS TECH ETF does not have any guarantees. You may not get back the amount of money you invest.

## What are the fees and charges?

### Charges incurred when trading the HS TECH ETF on SEHK

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

### Ongoing fees payable by the HS TECH ETF

The following expenses will be paid out of the HS TECH ETF. They affect you because they reduce the net asset value of the HS TECH ETF which may affect the trading price.

	Annual rate (as a % of the fund's value)
<b>Management fee</b>	0.25% p.a. of net asset value calculated daily
<b>Sub-Managers fee</b>	Included in the management fee
<b>Trustee fee</b>	Included in the management fee
<b>Administration fee</b>	Included in the management fee

### Other Fees

You may have to pay other fees when dealing in the units of the HS TECH ETF. Please refer to the Prospectus for fees and expenses applicable to investing in the HS TECH ETF.

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

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

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



## Additional information

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

- The HS TECH ETF's Prospectus and this statement (as revised from time to time);
- Latest annual audited financial reports and interim half yearly unaudited financial reports;
- Last NAV (in the base currency only i.e. HKD) and last NAV per unit (in each of the trading currencies i.e. USD and HKD);
- Near real time indicative NAV per unit updated every 15 seconds during trading hours on each dealing day (in each of the trading currencies i.e. USD and HKD);
- The HS TECH ETF's holdings (updated on a daily basis);
- The past performance of the HS TECH ETF;
- Public notices and announcements made by the HS TECH ETF;
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the HS TECH ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) or for the last 12 months (whichever is the shorter period).

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

All of the information outlined above can be found on the product webpage of the HS TECH ETF. The product webpage of the HS TECH ETF can be located by using the search function and inserting the ticker number of the HS TECH ETF (i.e. 03067 or 09067) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

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

**Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.