Product Key Facts

CSOP Nikkei 225 Daily (-2x) Inverse Product

CSOP Asset Management Limited **24 May 2024**

This is a two times inverse product. It is different from conventional exchange traded funds as it seeks two times inverse investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the two times inverse performance of the Index over the period. Such effect is more pronounced (1) on inverse products, and (2) when your holding period and/or the Index volatility increase. As a result, you may suffer significant losses from this product.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily two times inverse results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

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:	7515
Trading lot size:	10 Units
Manager:	CSOP Asset Management Limited 南方東英資產管理有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year#	1.99% (0.008%)

The ongoing charges figure is indicative only as the Product is newly set up. It 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.

* This is indicative only because the Product is newly set up. The annual average daily ongoing charges figure is equal to the ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimate figure and may vary from year to year.

(annual average daily ongoing charges*):	
Estimated annual average daily tracking difference##:	Estimated to be -0.03%
Index:	Nikkei Stock Average (the "**Index**")
Base currency:	Japanese Yen ("**JPY**")
Trading currency:	Hong Kong dollars ("**HKD**")
Financial year end:	31 December
Dividend policy:	Annually in December subject to the Manager's discretion. Distributions may be paid out of capital, or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of dividends, and therefore dividends may be paid effectively out of capital. However, there is no guarantee of regular distribution nor the amount being distributed (if any). **All Units will receive distributions in HKD only**.
Website:	https://www.csopasset.com/en/products/hk-nik-2i (this website has not been reviewed by the SFC)

What is this product?

CSOP Nikkei 225 Daily (-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. It is a futures-based product which invests directly in the nearest quarter futures contracts on the Index traded on the Osaka Exchange, Inc. (the "**OSE**") in Japan ("**Nikkei 225 Futures**") (and/or nearest quarter Nikkei 225 mini futures traded on the OSE ("**Nikkei 225 mini**")), so as to provide Daily investment results which, before fees and expenses, closely correspond to two times inverse (-2x) of the Daily performance of the Index. It is denominated in JPY. Creations and redemptions are in USD or JPY.

Objective and investment strategy

Objective

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to two times inverse (-2x) of the Daily performance of the Index. **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 Index or the performance of the Product, means the inverse performance of the Index or the performance of the Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

Strategy

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the nearest quarter Nikkei 225 Futures (and/or nearest quarter Nikkei 225 mini, which may also be used as an ancillary tool to this strategy where the Manager believes such investments will help the Product better track the Index) subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the Nikkei 225 Futures (and/or Nikkei 225 mini), the Manager anticipates that no more than 40% of the NAV of the Product from time to time will be used as margin to acquire the Nikkei 225 Futures (and/or Nikkei

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

225 mini). Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 60% of the NAV (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (JPY, HKD or USD) and other JPY or HKD or USD denominated investment products, such as deposits with banks in Hong Kong and JPY or HKD or USD denominated short-term (i.e. maturity less than 3 years) investment-grade bonds and money market funds in accordance with the requirements of the Code on Unit Trusts and Mutual Funds (the "**Code**"). Yield in JPY or 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 (if declared) will be distributed by the Manager to the Unitholders in HKD only.

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 investments 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.

Other than Nikkei 225 Futures (and/or Nikkei 225 mini), the Product may acquire financial derivative instruments ("**FDI**") (such as FX forwards) for hedging purposes. The Product's net derivative exposure to FDIs will not exceed -202% of its NAV (i) at the time of Daily rebalancing of the Product, and (ii) between Daily rebalancing, unless due to market movements.

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

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available NAV, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Daily rebalancing

The Product as an inverse product will rebalance its position on a day when the SEHK and the OSE 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 underlying futures market, by decreasing exposure in response to the Index's two times inverse (-2x) Daily gains or increasing exposure in response to the Index's two times inverse (-2x) Daily losses, so that its Daily inverse exposure ratio (i.e. two times inverse (-2x)) to the Index is consistent with the Product's investment objective.

Futures roll

The Manager will use its discretion to carry out the roll-over of the nearest quarter Nikkei 225 Futures (and/or nearest quarter Nikkei 225 mini) into next quarter Nikkei 225 Futures (and/or next quarter Nikkei 225 mini) with the goal that, by one Business Day before the last trading day of the nearest quarter Nikkei 225 Futures (and/or nearest quarter Nikkei 225 mini), all roll-over activities would have occurred. In respect of Nikkei 225 Futures and Nikkei 225 mini, the roll will occur within a 8-calendar days period in the last calendar month of each quarter (between 8 calendar days before the last trading day of the nearest quarter Nikkei 225 Futures or Nikkei 225 mini (as applicable) and one business day before the last trading day of the nearest quarter Nikkei 225 Futures or Nikkei 225 mini (as applicable)). The Manager has full discretion over futures rolling execution to meet the Product's investment objective.

Index

The Index, which is also known as the Nikkei 225, is an adjusted price-weighted equity index with highly liquid and representative stocks that consists of 225 stocks listed on the Prime Market of the Tokyo Stock Exchange. The 225 constituent stocks are reviewed and rebalanced twice a year with a base date at the end of January and July, and the rebalancing results become effective on the first trading day of April and October. The constituents are selected based on their liquidity in the market and sector balance.

The top 450 (double the constituent count for the Index) of the most liquid stocks ranked in descending order of liquidity are selected and categorised into six industrial sectors – Technology, Financials, Consumer Goods, Industrial Materials, Capital Goods/others and Transportation/Utilities. A rebalancing is conducted if any of the sectors are over-represented or under-represented. After adjustments made for liquidity and sector balance (please refer to the Appendix of the Product in Part 2 of the Prospectus for further information on the rebalancing of the Index), the total number of constituents of the Index is set to be 225.

The Index is a price return index, which means that the performance of the Index is calculated on the basis that dividends are not reinvested. The Index is denominated and quoted in JPY.

The Index is compiled and managed by Nikkei Inc. (the "**Index Provider**"). The Manager (and each of its connected persons) is independent of the Index Provider.

The Index was launched on 7 September 1950 and had a base level of 176.21 as of 16 May 1949. As of 30 April 2024, the Index had a total market capitalisation of JPY714,955,112 million and 225 constituents.

The most updated list of the constituents of the Index and their respective weightings and additional information and other important news of the Index can be obtained from the website of the Index Provider at https://indexes.nikkei.co.jp/en/nkave/index/profile?idx=nk225 (the contents of which has not been reviewed by the SFC).

Bloomberg Code: NKY

Use of derivatives / investment in derivatives

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

What are the key risks?

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. Inverse performance risk

- The Product tracks the two times inverse performance of the Index on a Daily basis, using leverage to achieve a Daily return equivalent to twice the inverse performance of the Index. Both gains and losses will be magnified and in the two times inverse (-2x) direction of the Daily performance of the Index. Should the value of the underlying securities of the Index 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.

3. Leverage risk

- The Product will utilise leverage to achieve a Daily return equivalent to minus two times (-2x) the return of the Index. 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, the Index 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.

4. 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 two times the inverse performance of the Index over that same period (e.g. the loss may be more than two times the increase in the Index). 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 two times the inverse percentage change in the Index for periods of longer than one day.

- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the two times inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat. Investors in the Product should actively manage and monitor their investments, as frequently as daily.

- The table below illustrates the potential investment outcomes of holding the Product for a period longer than one day in a volatile market. For example, where an investor has invested in the Product on day 0 and the index 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 index.

	Day 0	Day 1	Day 2	Day 3	Day 4
Underlying index level	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 index at day-end	$-200.0	$-240.0	$-192.0	$-153.6	$-184.3
Cumulative return (underlying index) 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%**

5. 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.

6. 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 two times. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

7. Risk of rebalancing activities

- There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product’s ability to rebalance its portfolio.

8. Liquidity risk

- The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

9. Intraday investment risk

- The Product is normally rebalanced at or around the close of trading of the underlying futures market on each Business Day. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than two times (2x) the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

10. Portfolio turnover risk

- Daily rebalancing of the 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.

11. Futures contracts risks

- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.
- A “roll” occurs when an existing Nikkei 225 Future (or Nikkei 225 mini) is about to expire and is replaced with another Nikkei 225 Future (or Nikkei 225 mini) with a later expiration date. The value of the Product’s portfolio (and so the NAV per Unit) may be adversely affected by the cost of rolling positions forward as the Nikkei 225

Futures (or Nikkei 225 mini) approach expiry. This effect may be more pronounced in products with higher leverage ratio.

- An extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Nikkei 225 Future (or a Nikkei 225 mini) may result in a proportionally high impact and substantial losses to the Product, having a material adverse effect on the NAV. A futures transaction may result in significant losses in excess of the amount invested.
- *Mandatory measures imposed by relevant parties risk* – Regarding the Product's futures positions, relevant parties (such as clearing brokers, execution brokers, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include limiting the size and number of the Product's futures positions and/or mandatory liquidation of part or all of the Product's futures positions without advance notice to the Manager. In response to such mandatory measures, the Manager may have to take corresponding actions in the best interest of the Product's Unitholders and in accordance with the Product's constitutive documents, including suspension of creation of the Product's Units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the Product. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the NAV of the Product. While the Manager will endeavour to provide advance notice to investors regarding these actions to the extent possible, such advance notice may not be possible in some circumstances.

12. Price-weighted index risk

- The Index is a price-weighted index whereby the Index constituents are weighted based on their individual prices instead of their size or market capitalisation. This means that constituents with higher prices will have a greater impact on the value of the Index, even if such constituents may have a relatively small market capitalisation. This may lead to higher risks and potential underperformance.

13. Risks associated with Japan and the equity market in Japan

- The Product is subject to concentration risks as a result of tracking the two times inverse performance of the Index which focuses on a single country (i.e. Japan). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Japanese market.
- The Japanese economy is heavily dependent on international trade and may be adversely affected by protectionist measures, competition from emerging economies, political tensions with its trading partners and their economic conditions, natural disasters and commodity prices.
- Japan is prone to natural disasters such as earthquakes, typhoons, flooding and tsunamis and may be subject to other unexpected disruptions such as fires, power outages and outbreaks of pandemic. Such events may have an adverse impact on the Japanese market, and it is impossible to accurately predict the occurrence of such events.
- The OSE has the right to suspend trading in any security traded thereon. The Japanese government or the regulators in Japan may also implement policies that may affect the Japanese financial market. All of these may have a negative impact on the Product.

14. Risks associated with JPY and foreign exchange

- The Product's base currency is JPY and the underlying investments of the Product are primarily denominated in JPY, but cash creations and redemptions in the primary market will be in USD / JPY, while dividend distributions (if any) will be in HKD. The NAV of the Product may be affected unfavourably by fluctuations in the exchange rates between USD and JPY and by changes in exchange rate controls.
- Units of the Product are traded in the secondary market in HKD. Secondary market investors may be subject to additional costs or losses associated with fluctuations in the exchange rates between the trading currency (i.e. HKD) and the base currency when trading Units in the secondary market.

15. Sector concentration risk

- The constituents of the Index, and accordingly the Product's exposure, may from time to time be concentrated in companies in a particular industry. In particular, the constituents of the Index may at times be concentrated in the technology sector. Many of the companies in the technology sector have a relatively short operating history. Companies in the technology sector 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.

16. Difference in price limit risk

- The daily price limit of the Tokyo Stock Exchange on which the constituents of the Index are listed is set in a price range in absolute JPY based on the base price such as the previous day's closing price, while the OSE has adopted a circuit breaker rule which is triggered if an order is placed or executed at the relevant upper or lower price limit set as a percentage of the settlement price of the previous day. As such, the daily price limit applicable to the constituents of the Index is different from that applicable to the Nikkei 225 Futures or the Nikkei 225 mini. Should the Index's daily price movement be greater than the price limit applicable to the Nikkei 225 Futures or the Nikkei 225 mini, the Product might not be able to achieve its investment objective as the Nikkei 225 Futures or the Nikkei 225 mini would not be able to deliver a return beyond their price limit. Also, if the circuit breaker rule is triggered at or around the close of trading of the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

17. Risks associated with investment in fixed income securities

- *Credit/counterparty risk* – The Product is exposed to the credit/default risk of issuers of the fixed income securities that the Product may invest in.
- *Interest rate risk* – Investment in the Product is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Credit ratings and downgrading risk* – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a fixed income security or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Product may be adversely affected. The Manager may or may not be able to dispose of the securities that are being downgraded.
- *Sovereign debt risk* – The Product's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Product to participate in restructuring such debts. The Product may suffer significant losses when there is a default of sovereign debt issuers.

18. Risk associated with distribution out of/effectively out of capital

- 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 of the NAV per Unit.

19. Passive investments risk

- The Product is not "actively managed" and the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances, Units of the Product will also decrease in value.

20. Trading risks

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

21. Trading hours differences risk

- The OSE and the SEHK have different trading hours. As the OSE may be open when Units in the Product are not priced, the value of the Nikkei 225 Futures (and/or Nikkei 225 mini) in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Differences in trading hours between the OSE and the SEHK may also increase the level of premium or discount of the Unit price to its NAV.
- Trading of the Index constituents closes earlier than trading of the Nikkei 225 Futures and Nikkei 225 mini so there may continue to be price movements for the Nikkei 225 Futures or Nikkei 225 mini when the Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents

and the Nikkei 225 Futures and/or Nikkei 225 mini, which may prevent the Product from achieving its investment objective.

22. Reliance on market maker risk

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

23. 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 two times inverse (-2x) Daily performance of the Index exactly. This tracking error may result from the investment strategy used, high portfolio turnover, liquidity of the market, fees and expenses, and the correlation between the performance of the Product and the two times inverse (-2x) Daily performance of the Index 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 two times inverse performance of the Index at any time, including on an intra-day basis.

24. Volatility risk

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

25. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below USD20 million. Investors may not be able to recover their investments and suffer a loss when the Product is terminated.

How has the Product performed?

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

Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Product on the SEHK

Fee	**What you pay**
Brokerage fee	Market rate
Transaction levy	0.0027%[1] of the trading price
Trading fee	0.00565%[2] of the trading price
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[3] 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] *Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.*
[3] *AFRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

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

Annual rate (as a % of NAV)

Management fee*	1.6%
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 fees allowed, as well as other ongoing expenses that may be borne by the Product.*

Other fees

You may have to pay other fees when dealing in the Units of the Product. Please refer to the Prospectus for details.

Additional information

The Manager will publish important news and information with respect to the Product (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at https://www.csopasset.com/en/products/hk-nik-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 and Index, notices of the suspension of the calculation of the NAV, suspension of creation and redemption of Units, changes in fees, and the suspension and resumption of trading;

(e) the near real time indicative NAV per Unit updated every 15 seconds during SEHK trading hours in HKD;

(f) the last NAV of the Product in JPY and the last NAV per Unit in JPY and in HKD;

(g) the past performance information of the Product;

(h) the daily tracking difference, the average daily tracking difference and the tracking error of the Product;

(i) full portfolio information of the Product (updated on a Daily basis);

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

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

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

The near real time indicative NAV per Unit in HKD and the last NAV per Unit in HKD are indicative and for reference purposes only. The near real time indicative NAV per Unit in HKD is updated every 15 seconds during SEHK trading hours. The near real time indicative NAV per Unit in HKD uses a real time HKD:JPY foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative NAV per Unit in JPY will not be updated when the underlying market is closed, any change in the indicative NAV per Unit in HKD during such period is solely due to the change in the foreign exchange rate.

The last NAV per Unit in HKD is calculated using the last NAV per Unit in JPY multiplied by an assumed foreign exchange rate using the HKD:JPY exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same

Dealing Day. The official last NAV per Unit in JPY and the indicative last NAV per Unit in HKD will not be updated when the underlying market is closed.

Important

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

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