

Hong Kong

Mar 18, 2020

IMPORTANT: Investment involves risks. Investment value may rise or fall. Past performance information presented is not indicative of future performance. Investors should refer to the Prospectus and the Product Key Facts Statement for further details, including product features and risk factors. Investors should not base on this material alone to make investment decisions. Investors should note:

- CSOP CSI 500 ETF (the “Sub-Fund”) is a physical ETF and invests primarily in China A-Shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange of the People’s Republic of China (“China” or “PRC”) through the Renminbi Qualified Foreign Institutional Investor (“RQFII”) status of the Manager and/or the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (“Stock Connect”).
- The Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the CSI 500 Index (the “Underlying Index”). There is no assurance that the Sub-Fund will achieve its investment objective.
- 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. It 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 Underlying Index may result in a corresponding fall in the value of the Sub-Fund.
- The Sub-Fund invests up to 50% of its NAV in financial derivative instruments (“FDIs”) (only funded total return swaps) through one or more counterparty(ies). Risks associated with FDIs 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 Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.
- China is considered as an emerging market subject to greater economic, political, tax, foreign exchange, regulatory, volatility and liquidity risks. The concentration of the Sub-Fund’s investments in a single geographical region (i.e. China) may subject it to greater volatility than portfolios which comprise broad-based global investments.
- The Underlying Index intends to reflect the overall performance of small/medium-capitalisation A-shares. The shares of small/medium-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

Please note that the above listed investment risks are not exhaustive and investors should read the Prospectus in detail before making any investment decision.

Index Provider Disclaimer:

The CSI 500 Index (“Index”) is compiled and calculated by China Securities Index Co., Ltd. (“CSI”). All rights of the Index are proprietary to CSI. CSI will apply all necessary means to ensure the accuracy of the Index. However, CSI does not guarantee its accuracy, nor shall it be liable to any person for any error in the Index.

CSOP to bring CSOP CSI 500 ETF (stock ticker: HKD counter 3005.HK/ RMB counter 83005.HK) to Hong Kong investors

CSOP Asset Management Limited (“CSOP”) is proud to announce the listing of CSOP CSI 500 ETF (stock ticker: HKD counter 3005.HK/ RMB counter 83005.HK) on Hong Kong Stock Exchange, enabling global investor to get access to the China A-shares benchmark reflecting the

performance of small-mid capitalization stocks. With listing price at approximate HKD 16 per unit, trading lot of 200 and management fee of 0.99%, CSOP CSI 500 ETF will start to trade on March 19, 2020 as the only ETF tracking CSI 500 Index (“CSI 500”) in China offshore market. Upon inception, CSOP CSI 500 ETF received USD 100mn initial investment.

Same as the FTSE China A50 Index (“China A50 Index”) and CSI 300 Index (“CSI 300”), the CSI 500 is a China A-shares benchmark. Different from the China A50 Index and CSI 300 tracking performance of large capitalization stocks, CSI 500 aims to reflect the overall performance of small-mid capitalization stocks. Consisting of the 500 stocks after the largest 300 stocks in terms of market capitalisation and liquidity from the entire universe of listed A-Shares, the CSI 500 had a total free-float market capitalisation of RMB 8,520.9 billion as of Dec 31, 2019.¹ Considered as one of the most important China onshore equity market benchmarks, the total size of China onshore ETFs tracking CSI 500 was around RMB 70bn and the largest ETFs in onshore China is also tracking CSI 500 with broad and solid investor base.²

Compared with CSI 300, CSI 500 exhibits more characteristics of diversification and growth. The largest sector in CSI 500 is IT with 22% weighting, less than the 33% weighting of financials in CSI 300. Moreover, the top 10 constituents in CSI 500 accounts for only 7% in the total index size, much lower than the top 10 weighting of 26% in CSI 300.³ With more than 30% weighting in China “New Infrastructure” related sectors such as 5G, semiconductor, AI, industrials and materials sectors which are expected to decide the future of China economy, CSI 500 also displays the nature of growth. According to historical data, CSI 500 tended to rally more in bull markets, more resilient than other China A shares benchmark indices.⁴ The overall revenue growth rate of CSI 500 also significantly outpaced CSI 300 in the past 3 years.⁵ Though the names in CSI 500 are barely known to investors, many of them are with unique competitiveness as either key suppliers behind the industry giants such as Apple, Tencent, Huawei Tesla and etc, or leaders in their niche-sector. Innovation and dedication enables them to keep competitive and sustain a high growth rate. Worth noticing, CSI 500 is expected to benefit more from the upcoming new round of MSCI’s inclusion of China A shares’ mid-cap stocks, as 173 constituents of the CSI 500 belong to MSCI China A inclusion index, contributing more than half in weighting.⁶

As a leading China A-shares ETF leading provider, CSOP brought CSOP FTSE China A50 ETF (HKD counter 2822.HK/ RMB counter 82822.HK) to global investor in 2012. After 8 years, CSOP introduced the CSOP CSI 500 ETF to market, offering another China A-shares investment tool with broader coverage of China’s economy. Ms. Melody He, Head of Business Development of CSOP commented, “There are several established China A shares ETFs in market already, with decent size and turnover, providing investors with fundamental exposure to China A shares. However, these China A shares ETFs are heavily weighted on financial sectors and highly correlated in performance with limited diversification. With global investors’ knowledge on China going deep, we think it is good timing to introduce the CSOP CSI 500 ETF to global investors especially when CSI 500’s valuation has already returned to historical lows.”

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¹ Source: CSI.

² Source: Bloomberg, as of Jan 31, 2020.

³ Source: CSI, as of Jan 31, 2020.

⁴ Source: Bloomberg, from Dec 31, 2004 to Jan 31, 2020.

⁵ Source: Bloomberg, CSOP research, as of Jan 31, 2020.

⁶ Source: Bloomberg, MSCI, as of Jan 31, 2020.



For further details, including the risk factors, please refer to the respective offering documents.

About CSOP Asset Management Limited

CSOP Asset Management Limited (“CSOP”) was founded in 2008 as the first offshore asset manager set up by a regulated asset management company in China. With a dedicated focus on China investing, CSOP manages public and private funds, as well as providing investment advisory services to Asian and global investors. In addition, CSOP is best known as an ETF leader in Asia. As of 31 Dec 2019, CSOP had US\$ 6.3 billion in assets under management.

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This material has not been reviewed by the Securities and Futures Commission.
Issuer: CSOP Asset Management Limited