ETF STRATEGY January 2021

Record Southbound Inflow to Allocate Unique Stocks in Hong Kong

Takeaway

- Approaching "CNY Holiday Effect", we still favour the sectors benefiting from the rising inflation expectations.
- Despite the slowdown in passive fund inflows, the active fund continue to allocate Chinese government bonds.
- Southbound fund continues to flow into rare targets in Hong Kong stock market, and we remain bullish on Hong Kong tech sector.

Macro News

【Global】

- **The 46th President of the United States was sworn in on January 20 2021, and Biden pushed $1.9 trillion bill without Republican support.** President Biden signed 30 executive orders within the first three days of taking office, among which epidemic control and economic support made the majority. It is expected that Biden's early stage work will focus on these two aspects. At the same time, it is generally expected by the market that Biden's US$1.9 trillion stimulus plan will be launched soon. The Democratic Party has passed the budget reconciliation in both houses of the Congress on Friday (February 5), which can bypass the Republican Party and directly pass the $1.9 trillion bill in the Senate by 51 votes. If the bill is passed as scheduled, the U.S. economy is expected to have upward risks. Secretary of U.S. Treasury Yellen said that strong relief plan will restore full employment in 2022.

- **Fed remains the current easing monetary policy in January FOMC meeting as expected, and loose environment may last for a long time**. The Fed kept interest rate near zero and maintain the US$120 billion asset purchase. In response to the growing fear of monetary reduction in the market, the Fed emphasized that it is still too early to talking about dates to exit and reiterated that Fed will give sufficient guidance before reducing QE; vaccine progress may become an important window for policy change.

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- **In late January, the U.S. stock market was disturbed by the GameStop event.** In January, some hedge funds short GameStop, but stock price was supported by continuous buying and holding of retail investors. Recovering the short positions further pushed the stock price up, resulting in huge loss and forced the hedge funds to close the short position.

【Greater China】

- **Mainland interbank rate up in late January, leading to liquidity concern. However, tight liquidity condition may not last long.** A-share market turned volatile due to rising concern on tight liquidity, as PBOC reduced the reverse repo amount as it aims to, on the one hand, offset the amount of fiscal spending, and on the other hand cool down the overoptimistic market sentiment by correcting market expectation on fluid liquidity. From short-term perspective, the "CNY Holiday Effect" and the slowdown in consumption recovery affected by new Covid-19 cases appeared in some mainland cities from time to time, the central bank is unlikely to maintain a tight liquidity condition. However, the normalization of monetary policy is still seen as a trend in the year of 2021. Sun Guofeng, the head of PBOC's monetary policy department, said in a briefing that current interest rate levels are appropriate and the central bank will use various policy tools to ensure reasonably ample liquidity.

- **China January official manufacturing PMI and non-manufacturing PMI both miss market expectation as Covid-19 cases resurges.** China's manufacturing purchasing managers index (PMI) dipped 0.6 percentage points to 51.3% in January, National Bureau of Statistics (NBS) data showed, missed market estimation (51.6%); non-manufacturing PMI went down 3.3 percentage points to 52.4% and failed to meet market consensus (52.4%). Both indicators still remained comfortably in expansion territory. The resurgence of Covid-19 cases has forced the government to encourage workers to stay at the cities they work at and do not go back to hometown for reunion, consequently suppressed consumption activities. However, the measure will be helpful to avoid the spread of the virus and ultimately benefit the recovery of economic and consumption activities throughout 2021.

- **US sanction risk lingers, with 9 more Chinese companies added to the sanction list.** On January 14, 2021, the Defence Department of the US added nine more firms, including Xiaomi, to its blacklist of companies that it said have ties with the Chinese military, and imposed an investment ban on them, rounding out the total number to 41.

On Jan 27, the Office of Foreign Assets Control, an arm of the US Treasury Department, issued a so-called general licence that extended the deadline for US persons to stop engaging in securities transactions in companies "whose name closely matches, but [do] not exactly match" those identified as Chinese military companies. The deadline for companies with similar names had originally been set for January 28 and is now extended to May 27. The Biden administration is conducting 'complex reviews' of Trump policies on China. Although the future relationship between China and the US remains very uncertain, it is unlikely to see such sanctions to be removed in short term.

Allocation Views

【ETF Views】

<table>
<tr><th>Class</th><th>View</th><th>Code</th><th>ETF Names</th></tr>
<tr><td rowspan="3">Money Market</td><td rowspan="4">Fed insisted in the current easing pace until the recovery is complete, while PBoC is more cautious and neutral in monetary policy. So the high US-China interest rate spread may continue and still supports RMB.

From the fund flows perspective, although the passive funds inflow have been temporarily suspended, the active funds continue to allocate Chinese government bonds.</td><td>3053.HK</td><td>CSOP Hong Kong Dollar Money Market ETF</td></tr>
<tr><td>9096.HK</td><td>CSOP US Dollar Money Market ETF</td></tr>
<tr><td>3122.HK</td><td>CSOP RMB Money Market ETF</td></tr>
<tr><td>Fixed Income</td><td>3199.HK</td><td>CSOP Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF</td></tr>
<tr><td rowspan="4">A Shares</td><td rowspan="4">Historical data shows that A-share market has the obvious "CNY Holiday Effect". The probability of A-share rising between Spring Festival and China's two sessions exceeds 80%^. We remain optimistic about the sectors benefiting from the inflation, and still recommend the cyclical stocks.
In addition, China's 2021 two sessions will be held from March 4 to 5, and the marginal changes in the policies are worth paying attention to.</td><td>2822.HK</td><td>CSOP FTSE China A50 ETF</td></tr>
<tr><td>3149.HK</td><td>CSOP MSCI China A Inclusion Index ETF</td></tr>
<tr><td>3005.HK</td><td>CSOP CSI 500 ETF</td></tr>
<tr><td>3147.HK</td><td>CSOP SZSE ChiNext ETF</td></tr>
<tr><td rowspan="2">Theme</td><td rowspan="2">For one thing, southbound fund inflow continues, and the rare targets in new economy sector are favoured. For another, more and more technology unicorns and popular Chinese concept stocks are plan to be listed in Hong</td><td>3033.HK</td><td>CSOP Hang Seng TECH Index ETF</td></tr>
<tr><td>3167.HK</td><td>ICBC CSOP S&P NEW CHINA SECTORS ETF</td></tr>
</table>

	Kong this year. We remain bullish on the tech sector in Hong Kong stock market.	3193. HK#	CSOP Yinhua CSI 5G Communications Theme ETF#

Note: Views cover the future 1 month. The rank of recommendation is:

Green	>	Blue	>	Grey	>	Red
Buy		Overweight		Neutral		Underweight

CSOP Yinhua CSI 5G Communications Theme ETF is a feeder fund. Its master fund, Yinhua CSI 5G Communication ETF, is not authorized by the Securities and Futures Commission for direct offering to the public in Hong Kong. ^ Wind, the probability of increase in Shanghai Composite Index, ChiNext Index and Wind Total A index exceed 80% during the period between Spring Festival and China's Two Sessions from 2011 to 2020

【L&I Views】

The trading hours during Spring Festival are different among the mainland, Hong Kong, and overseas markets (such as the US market), and the mainland market (including Southbound Stock Connect) will be closed for the longest and most concentrated period. If some events occur during this period, the Hong Kong stock market may respond to that earlier than A-share market. Taking the Spring Festival in 2020 as an example, Hong Kong stock market reacted to the outbreak of COVID-19 firstly, and investors could use **CSI 300 index leveraged and inverse products (7233 & 7333)** and **FTSE China A50 index leveraged and inverse products (7248 & 7348)** to hedge the late decline in A-share market for their A-share exposure.

The AH premium level remains high, and the Hang Seng Stock Connect China AH Premium Index was 138 on January 29, 2021. Given that the AH premium trading strategy is generally valid in the process when the long-run mean reversion to 130 level, we still suggest to **long 7333.HK and 7200.HK (short CSI 300 vs long HSI)**.

The Capital Flows of Leveraged & Inverse Products (Million HKD)

Class	Code	L&I Product Name	In/Out
A Shares	7233.HK	CSOP CSI 300 Index Daily (2x) Leveraged Product	-241.51
	7333.HK	CSOP CSI 300 Index Daily (-1x) Inverse Product	-135.14
	7248.HK	CSOP FTSE China A50 Index Daily (2x) Leveraged Product*	-
	7348.HK	CSOP FTSE China A50 Index Daily (-1x) Inverse Product*	-
HK Stocks	7200.HK	CSOP Hang Seng Index Daily (2x) Leveraged Product	-344.63
	7300.HK	CSOP Hang Seng Index Daily (-1x) Inverse Product	-13.98
	7500.HK	CSOP Hang Seng Index Daily (-2x) Inverse Product	1005.75
	7288.HK	CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product	-85.88
	7588.HK	CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product	13.98

	7226.HK	CSOP Hang Seng TECH Index Daily (2x) Leveraged Product	70.2
	7552.HK	CSOP Hang Seng TECH Index Daily (-2x) Inverse Product	31.55
US Stocks	7568.HK	CSOP NASDAQ-100 Index Daily (-2x) Inverse Product	-
	7266.HK	CSOP NASDAQ-100 Index Daily (2x) Leveraged Product	28.48
Commodities	7299.HK	CSOP Gold Futures Daily (2x) Leveraged Product^	-30.46

Source: Bloomberg, from 5 January 2021 to 29 January 2021. Green-Fund Inflow, Red-Fund Outflow, Grey- No Fund Flow

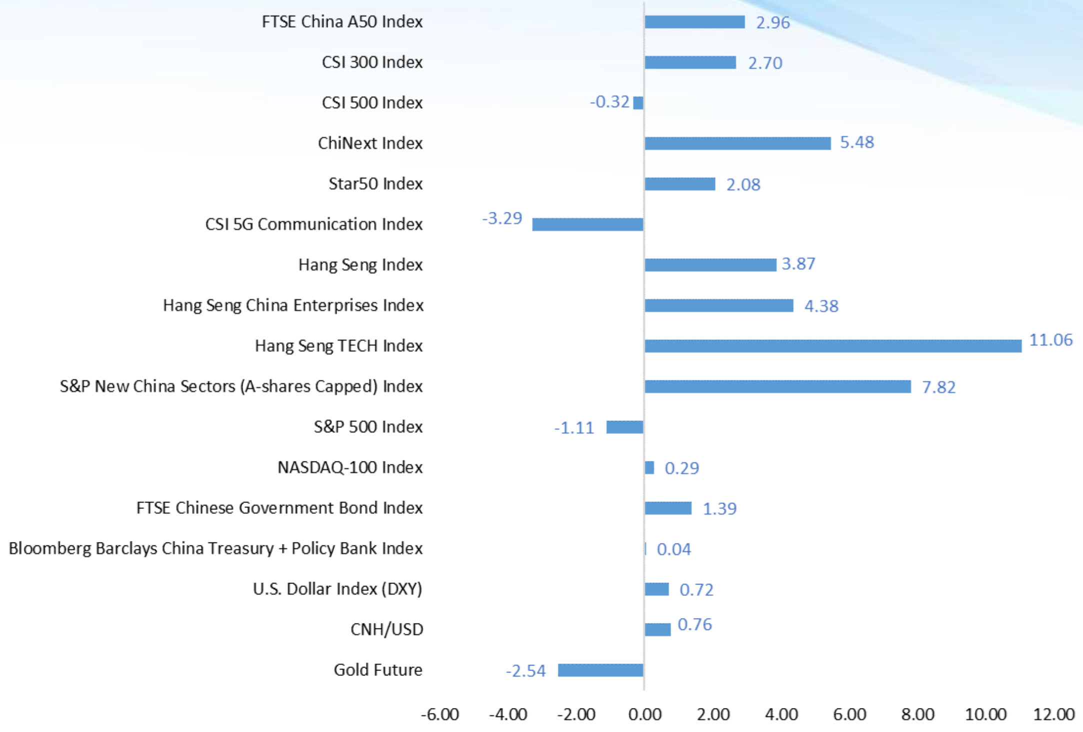
^: The investment objective of the CSOP Gold Futures Daily (2x) Leveraged Product (the "Product") is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Solactive Gold 1-Day Rolling Futures Index (the "Index"). The Index consists of only gold futures whose price movements may deviate significantly from the gold spot price. The Product does not seek to deliver a leveraged return of gold spot price. *: from 25 January 2021 to 29 January 2021

Market Overview

In the first month of 2021, China equity market got a good start, and continuing southbound funds help Hong Kong stock market rise sharply.

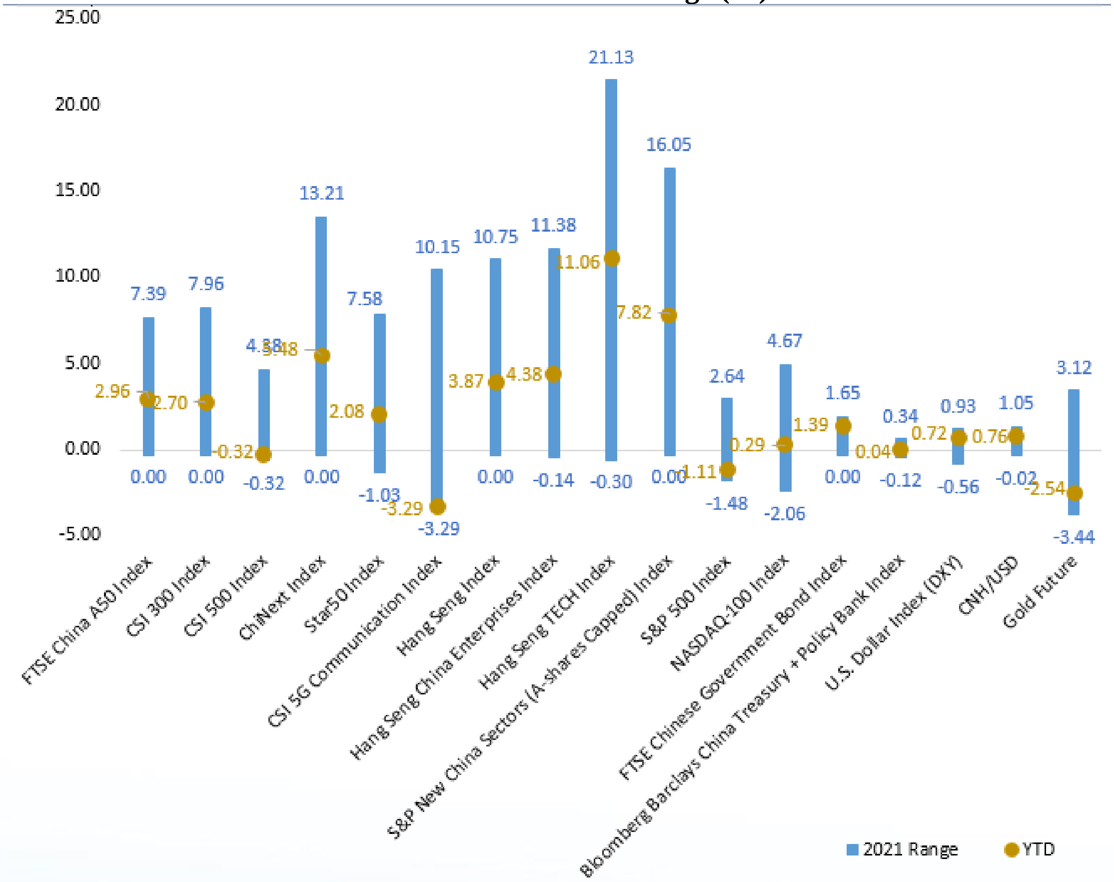
- The A-share market closed with positive monthly returns in January 2021. FTSE China A50 Index rose 2.96% and ChiNext Index rose 5.48% in the last month.
- The net inflow of southbound fund exceeded HK$310 billion in January, and the performance of Hang Seng TECH Index in January topped the group with monthly return of 11.06%.
- Under the economic recovery expectation, gold weakened slightly, and gold futures closed down 2.54% on a monthly basis. However, in the context of continuous global easing policy, gold remains attractive. The World Gold Council announced that global gold ETF invested 13.8 tons of gold in January after the continuous outflow for two months.

Monthly Return (%)



Source: Bloomberg, monthly return: 31/12/2020 - 29/1/2021

2021 Year-to-date and Range (%)



Source: Bloomberg, as of 29 January 2021. The two ends of the blue bars show the lowest and highest returns at any point this year to date, and the gold dots represent current year-to-date returns. FTSE China A50 Index, CSI

500 Index, S&P New China Sectors (A-shares Capped) Index, and CSI 500 Index are net total return indexes. Gold future refers to the excess return index of Solactive Gold 1-Day Rolling Futures Index. Bloomberg Barclays China Treasury + Policy Bank Index is the total return index. The remaining are price index.

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Index Provider Disclaimer

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Important Information

CSOP Hong Kong Dollar Money Market ETF, CSOP US Dollar Money Market ETF, CSOP RMB Money Market ETF (the "Sub-Fund")

- The Sub-Fund offers both listed class of units (the "Listed Class") and unlisted class of Units (the "Unlisted Class"). Investors of Listed and Unlisted Classes are subject to different pricing and dealing arrangements. The NAV per unit of each of the Listed and Unlisted Classes may be different due to different fees and cost applicable to each Class.
- Investors of Listed and Unlisted Classes are subject to different types of risks. For example, Investors of the Listed Class are exposed to reliance on market makers risk and dual-counter risk.
- Trading price of the Units on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV per Unit.

CSOP Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF (the "Sub-Fund")

- CSOP Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF (the "Sub-Fund") is subject to risk associated with debt securities, such as credit / counterparty risk, interest rate risk, volatility and liquidity risk, downgrade risk, sovereign debt risk, valuation risk, credit rating risk and credit agency risk.
- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.
- Generally, retail investors can only buy or sell Units on SEHK. The trading price of the Units on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV per Unit.

CSOP FTSE China A50 ETF

- There is no assurance that The CSOP FTSE China A50 ETF ("ETF") will achieve its investment objective and investors may not get back part of or the entire amount they invest.
- The ETF is one of the first RMB physical A-share exchange traded funds issued outside PRC to invest directly in the A-share market which is inherently a market with restricted access. Investing

solely in China market may also subject the ETF to emerging market risk (such as greater economic, political, tax, foreign exchange, regulatory, volatility and liquidity risks) and concentration risk.
- The market price on the SEHK of units traded in RMB and of units traded in HKD may deviate significantly due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between RMB and HKD (in both onshore and offshore markets).
- The units of the ETF are traded on the SEHK. Their prices on the SEHK are based on secondary market trading factors and may deviate significantly from the net asset value of the ETF and may trade at a substantial premium or discount to its NAV.

CSOP MSCI China A Inclusion Index ETF
- CSOP MSCI China A Inclusion Index ETF (the "Fund") is a physical index tracking ETF and it aims to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of MSCI China A Inclusion Index ("Underlying Index").
- China is considered as an emerging market and investing in China market may subject to greater economic, political, tax, foreign exchange, regulatory, volatility and liquidity risks than investing in more developed countries.
- The concentration of the 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.
- Retail investors can only buy or sell units of the Fund on the SEHK. The trading price on the SEHK is driven by market factors and may trade at a substantial premiums or discount to its net asset value.

CSOP CSI 500 ETF
- 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.
- Generally, retail investors can only buy or sell units of the Sub-Fund on the SEHK. The trading price of the units on the SEHK is driven by market factors and may trade at a substantial premiums or discount to its NAV.

CSOP SZSE ChiNext ETF
- CSOP SZSE ChiNext ETF (the "Sub-Fund") is a physical ETF and invests primarily in China A-Shares listed on the ChiNext board of the Shenzhen Stock Exchange of the People's Republic of China primarily through the Renminbi Qualified Foreign Institutional Investor status of the Manager and/or the Shenzhen-Hong Kong Stock Connect. The Sub-Fund is denominated in RMB.
- Listed companies in the ChiNext market (e.g. innovative or small/medium sized enterprises) are usually in their preliminary stage of development with smaller operating scale and shorter operating history, and their businesses are usually subject to higher uncertainty and more fluctuations in their performance. Therefore, its stability and resistance to market risks may be lower.
- Retail investors can only trade units of the Sub-Fund on the SEHK. The trading price of the units may be different from the Sub-Fund's NAV and even at a significant discount/premium to its NAV.

CSOP Hang Seng TECH Index ETF
- CSOP Hang Seng TECH Index ETF (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.
- The Hang Seng TECH Index (the "Underlying Index") is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.
- The Sub-Fund'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 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 Sub-Fund's NAV.

ICBC CSOP S&P New China Sectors ETF

- ICBC CSOP S&P New China Sectors ETF (the "Sub-Fund") is a physical index tracking exchange traded fund and it aims to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely, S&P New China Sectors (A-shares Capped) Index (the "Index").
- The Sub-Fund's investments are concentrated in mainland China- and Hong Kong-domiciled companies in selected consumption and service-oriented industries. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- China is considered as an emerging market and investing in China market may involve increased risks such as liquidity risks, currency risks/control, political and economic uncertainties, legal/regulatory and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- 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 Sub-Fund's NAV.

CSOP Yinhua CSI 5G Communications Theme ETF

- CSOP Yinhua CSI 5G Communications Theme ETF (the "Sub-Fund") and its master fund, Yinhua CSI 5G Communication ETF (the "Master ETF") are not principal guaranteed and your investments may suffer losses. There is no assurance that the Sub-Fund and the Master ETF will achieve their respective investment objectives.
- The Master ETF is not authorized by the Securities and Futures Commission for direct offering to the public in Hong Kong.
- The Sub-Fund invests substantially in the Master ETF, and may therefore be subject to the risks associated with the Master ETF. The performance of the Sub-Fund depends on the price of the Master ETF. The ability of the Sub-Fund to meet its investment objective is also largely dependent on the Master ETF.
- Generally, retail investors can only buy or sell units of the Sub-Fund on the SEHK. The trading price of the units on the SEHK is driven by market factors and may trade at a substantial premiums or discount to its net asset value.

CSOP CSI 300 Index Daily (2x) Leveraged Product, CSOP CSI 300 Index Daily (-1x) Inverse Product (the "Product")

- 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.
- The Product is not intended 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 leveraged / inverse performance of the CSI 300 Index (the "Index") over that same period. The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility.
- 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.
- The Index consists of A-Shares which may only be bought or sold from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A-Shares market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), such high market volatility and potential settlement difficulties in the A-Shares market may result in significant fluctuations in the prices of the securities traded on the A-Shares market and thereby may adversely affect the Product.

CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng Index Daily (-2x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product, CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product (the "Product")

- 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.

- 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 leveraged/ inverse performance of the relevant index over that same. The effect of compounding becomes more pronounced on the Product's performance as the relevant index experiences volatility.
- 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.
- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks.

CSOP NASDAQ-100 Index Daily (-2x) Inverse Product, CSOP NASDAQ-100 Index Daily (2x) Leveraged Product (the "Product")

- 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.
- 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 leveraged/ inverse performance of the NASDAQ-100 Index ("Index") over that same. The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility.
- 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.
- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks.
- The Product is subject to concentration risks as a result of tracking the inverse performance of companies from the technology sector and its concentration in the US market which may be more volatile than other markets.

CSOP Gold Futures Daily (2x) Leveraged Product

- Solactive Gold 1-Day Rolling Futures Index ("Index") consists of only gold futures whose price movements may deviate significantly from the gold spot price. The Product does not seek to deliver a leveraged return of gold spot price.
- 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.
- The Product will utilise leverage to achieve a Daily return equivalent to twice (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 bear market will be substantially more than a fund that does not employ leverage.
- The Product is not intended 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 leveraged performance of the Index over that same period. The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility.
- 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.
- Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks.

CSOP Hang Seng TECH Index Daily (2x) Leveraged Product and CSOP Hang Seng TECH Index Daily (-2x) Inverse Product ("Products")

- The Products are derivative products and are not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Products may suffer substantial or total losses.
- The Products are not intended 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 leveraged/inverse performance of the Index over that same period. The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility.
- 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 Products will lose money over time while the Index's performance falls/decreases or is flat.
- The constituents of the Index 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.

- 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.

CSOP FTSE China A50 Index Daily (2x) Leveraged Product and CSOP FTSE China A50 Index Daily (-1x) Inverse Product ("Products")

- The Products are derivative products and are not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Products may suffer substantial or total losses.
- The Products are not intended 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 leveraged/inverse performance of the Index over that same period. The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility.
- 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 Products will lose money over time while the Index's performance increases/decreases or is flat.
- The Index constituents are companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange which is an emerging market. Investments of the Products may involve increased risks and special considerations not typically associated with an investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- 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.

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