ETF STRATEGY March 2021

L&I Products:
Time to Shine amid Volatility

Takeaway

- Benefited from the rising interest rate and climbing inflation expectation, commodities and financial sectors may continue their recent bull trend.
- Chinese government bonds show the advantage of low correlation with other assets amid the rising treasury yields, and foreign inflow continues.
- The short-term volatility of technology sector are still high. Suggest using the inverse products to hedge the long position of technology stocks.

Macro News

【Global】

- **The U.S. Treasury yields rose rapidly, with 10-year U.S. Treasury yield rose to nearly one-year high**. Sell-off has been seen in U.S. Treasury market, with medium to long-term yield been rising rapidly. As of March 5, 2021, U.S. 10-year Treasury yield has increased to 1.56%, the highest level in nearly a year since February 18, 2020. At the same time, the 10-year breakeven inflation rate rose to the highest level since 2014. The U.S. Senate approved a $1.9 trillion coronavirus relief package in a 50-49 party line vote last week. The approaching stimulus plan may promote economic recovery and the uptrend of yields. However, as the Fed maintains its current zero interest rate and asset purchase program, the yield may not rise too fast.

- **Crude oil price showed a strong rising trend, and the surprising decision that OPEC+ keeps production largely steady has pushed crude oil futures further up.** Since the beginning of February, international crude oil prices have increased rapidly, with WTI crude oil futures rising to the highest level in nearly two years. Last week OPEC and its oil-producing allies said the group would keep production largely steady through April, except that Russia and Kazakhstan will be allowed to increase production by 130,000 and 20,000 barrels per day, respectively..

- **Global gold ETFs saw net outflow of 84.7 tons in February, but net long position in gold still at historical high.** According to the latest data released by the World Gold Council (WGC), the net outflow of global gold ETFs in February was 84.7 tons, down by 2% from January. This is the third net outflow in recent four months. In addition, WGC also pointed out that the improvement in market sentiment after the US election and the success of vaccine R&D has driven capitals to flow into risk assets. Despite the recent poor performance of gold prices, net long position of COMEX gold futures is still high.

【Greater China】

- **HK stock market sinks as HK government raises stock stamp duty for first time since 1993.** HK market turned volatile in late February as the HK finance chief Paul Chan, when delivering the 2021 government budget on Feb 24 to the public, said that the SAR government plans to raise the stock stamp duty from 0.1% to 0.13%, to be effective in August. HK market slumped after the news and remained volatile since then. However, the increase of stamp duty is more like a short-term shock to the market, and is unlikely to change the fundamental of HK stock market.

- **China's 2021 Government Work Report**. On March 5, premier Li Keqiang delivered the annual government work report and outlined the key targets and tasks for the first year of the 14th Five Year Plan, they include

    - Economic growth: 2021 GDP growth target is set at "above 6%"; it also aims to create over 11 million new urban jobs and maintain urban unemployment rate of around 5.5%
    - Monetary policy: The NPC called for monetary policy to be "flexible" and "appropriate", and total social financing growth to be basically in line with nominal GDP growth this year, keeping reasonable liquidity and stable macro leverage ratio.
    - Fiscal policy: expect to keep deficit ratio at 3.2%, lower than the 3.5% target a year ago. No special anti-virus bonds will be issued.
    - Technological innovation: fostering innovation, facilitating digitalization and developing modern industry system, increasing the construction of 5G networks and gigabit optical networks.
    - Going green: work hard to achieve the carbon peak goal by 2030 and carbon neutrality goal by 2060.

- **February PMI expands at slower pace in Feb due to seasonal factor, Jan-Feb trading amount jumps.** The official manufacturing Purchasing Managers' Index (PMI) fell from 51.3 in January to 50.6, data from the National Bureau of Statistics (NBS) showed, down 0.7 percentage point from a month earlier, service PMI was 51.4%, down 1 percentage point m-o-m due to the impact of CNY holidays. Besides, China exports jumped 60.6% y-o-y in Jan-Feb, a record high on record, with imports up 22.2% y-o-y in the same period and trade surplus up to 103.25 billion USD. The sharp growth was attributed to several factors including the recovery of overseas demand, stay-put policy for the Spring Festival, low base in 2020, etc.

Allocation Views

【ETF Views】

Class	View	Code	ETF Names
Money Market	Although US bonds yields surged, Chinese government bonds performed well, showing its advantage of low correlation. In February, the foreign institutions invested US$61.83 billion in Chinese government bonds. Although the inflow slowed down from January, the foreign inflow still achieved year-on-year growth. Besides, as the deficit rate is set at around 3.2% and special government bonds to fight the pandemic will no longer be issuer, the government bonds may be supported from supply side this year.	3053.HK 9096.HK 3122.HK	CSOP Hong Kong Dollar Money Market ETF CSOP US Dollar Money Market ETF CSOP RMB Money Market ETF
Fixed Income		3199.HK	CSOP Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF
A Shares	A-share market suffered from the market style rotation, but value stocks with low valuations are still favoured. Benefited from the rising interest rate and climbing inflation expectation, commodities and financial sectors are expected to continue their recent bull trend.	2822.HK 3149.HK 3005.HK 3147.HK 3109.HK	CSOP FTSE China A50 ETF CSOP MSCI China A Inclusion Index ETF CSOP CSI 500 ETF CSOP SZSE ChiNext ETF CSOP STAR 50 Index ETF
Theme	With U.S. bond yields up, the new economy sector with high valuation experienced large corrections, and fluctuations may continue for a period. However, leading technology companies with sound fundamentals and good profit prospects have the long-term allocation. It is recommended to maintain the long positions and avoid realizing the loss currently. In addition, the government work report released last Friday mentioned to strengthen the construction of 5G networks. Benefited from the policy support and low valuation, 5G sector performed resilient in this round of stock market adjustments.	3033.HK 3167.HK 3193.HK#	CSOP Hang Seng TECH Index ETF ICBC CSOP S&P NEW CHINA SECTORS ETF 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

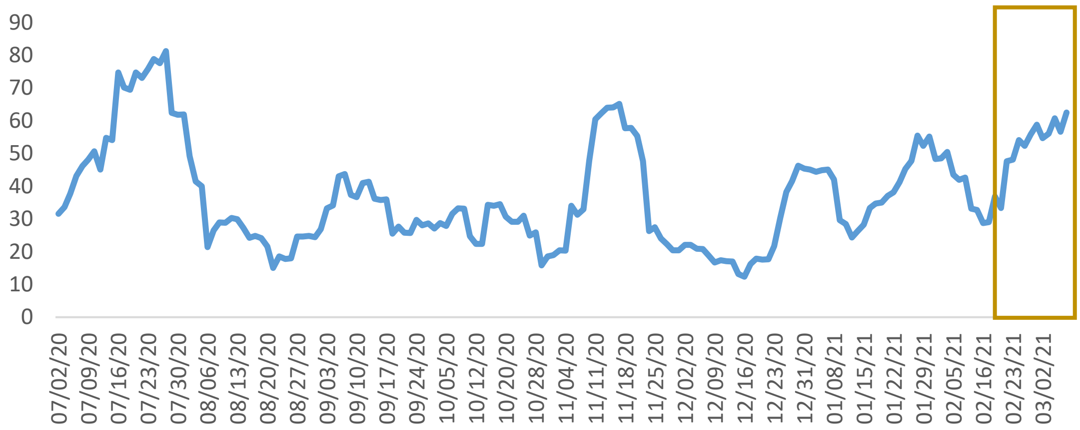
CSOP Asset Management Limited
2801-2803, Two Exchange Square, 8 Connaught place, Central, Hong Kong

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.

【L&I Views】

The stock market volatility soared up amid the recent market style rotation, and leveraged and inverse products were traded actively. After the Spring Festival Holiday, the 10-trading-day volatility rate of the Hang Seng TECH Index rose sharply to over 40%, which is still as high as 62.5% as of 8 March 2021. Based on our hedging trading strategy, investors with long position in tech sector should buy inverse product when the volatility rate exceeds 40% and exit the strategy when the volatility rate falls below 50%. Therefore, investors holding high-quality single stock (such as Tencent and Alibaba) or 3033.HK can **buy CSOP Hang Seng TECH Index Daily (-2x) Inverse Product (7552.HK) to hedge the current long positions.**

10-trading-day Volatility Rate of HSTECH Index



Source: Bloomberg, 1/7/2020-8/3/2021

The AH premium level remains high, and the Hang Seng Stock Connect China AH Premium Index was 137.55 on February 26, 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	-105.64
	7333.HK	CSOP CSI 300 Index Daily (-1x) Inverse Product	-113.03
	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	-106.01
	7300.HK	CSOP Hang Seng Index Daily (-1x) Inverse Product	67.48
	7500.HK	CSOP Hang Seng Index Daily (-2x) Inverse Product	-12.8
	7288.HK	CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product	-
	7588.HK	CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product	-21.06
	7226.HK	CSOP Hang Seng TECH Index Daily (2x) Leveraged Product	466.49
	7552.HK	CSOP Hang Seng TECH Index Daily (-2x) Inverse Product	75.43
US Stocks	7568.HK	CSOP NASDAQ-100 Index Daily (-2x) Inverse Product	-
	7266.HK	CSOP NASDAQ-100 Index Daily (2x) Leveraged Product	-
Commodities	7299.HK	CSOP Gold Futures Daily (2x) Leveraged Product^	-

Source: Bloomberg, from 1 February 2021 to 26 February 2021. Green-Fund Inflow, Red-Fund Outflow, Grey- No Fund Flow

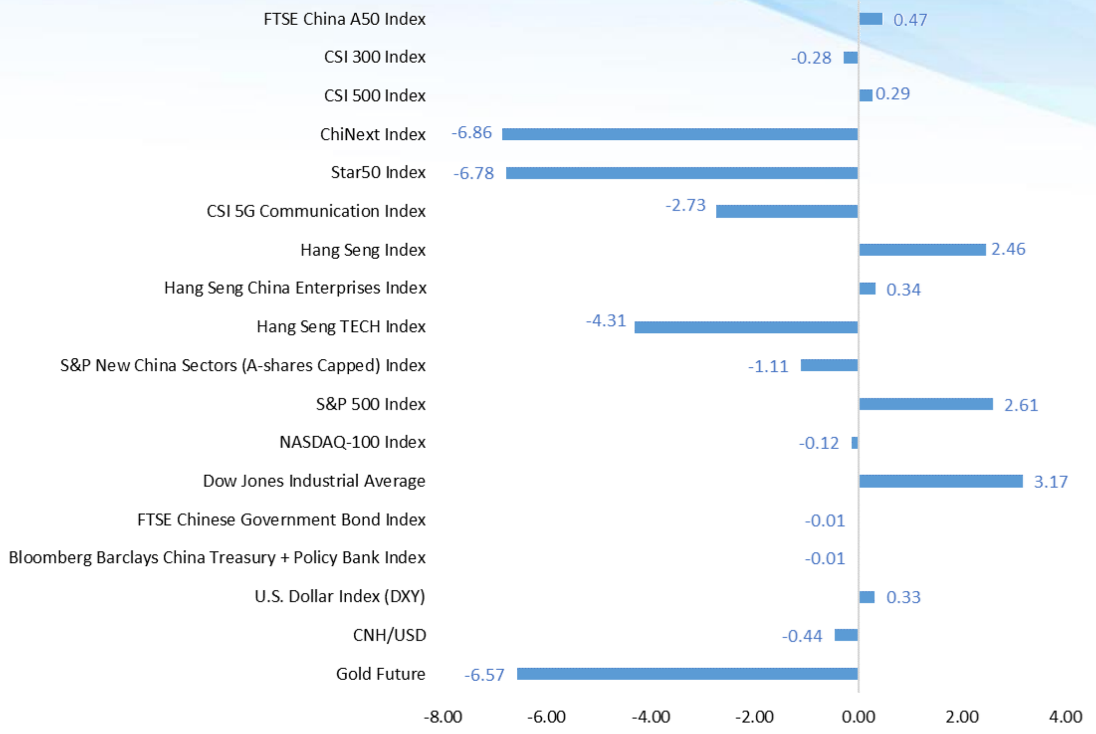
^: The investment objective of the CSOP Gold Futures Daily (2x) Leveraged Product (the "Product") is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Solactive Gold 1-Day Rolling Futures Index (the "Index"). The Index consists 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.

Market Overview

The assets with large gains before hit corrections, while cyclical sectors have recovered a lot.

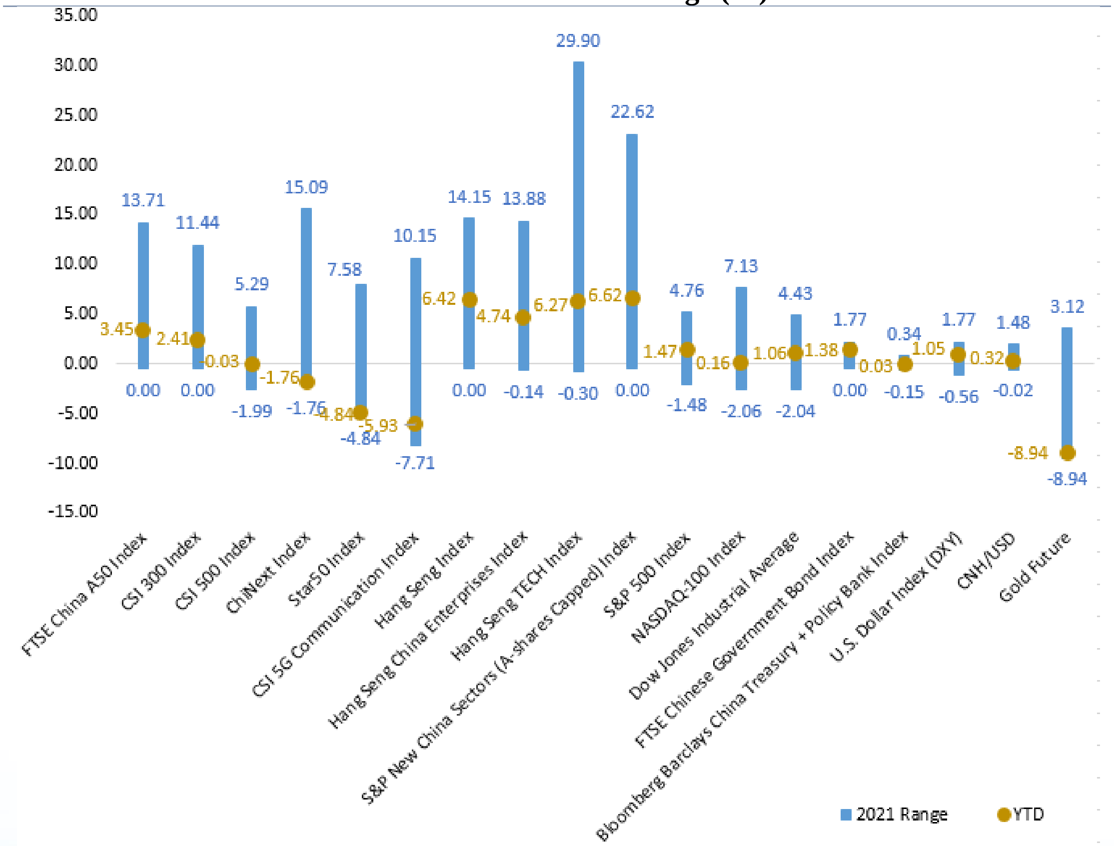
- "CNY Holiday Effect" does not work this year, and the A-share market generally fell in February, especially ChiNext Index and STAR 50 Index. While FTSE China A50 Index still recorded the positive monthly return.
- Supported by the strong rebound in heavily weighted industries such as finance and real estate, Hang Seng Index gained 2.46% in February.
- With real interest rates up, gold futures fell to the lowest level in 2021.

Monthly Return (%)



Source: Bloomberg, monthly return: 29/1/2021 - 26/2/2021

2021 Year-to-date and Range (%)



Source: Bloomberg, as of 26 February 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.

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.

CSOP Asset Management Limited
2801-2803, Two Exchange Square, 8 Connaught place, Central, Hong Kong

- 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.

The CSOP STAR 50 Index ETF

- The CSOP STAR 50 Index ETF (the "Sub-Fund") is a sub-fund of the CSOP ETF Series OFC, which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds. The Sub-Fund is a physical ETF and invests primarily in China A-Shares listed on the Science and Technology Innovation Board of Shanghai Stock Exchange (the "STAR Board") of the People's Republic of China primarily through the Renminbi Qualified Foreign Institutional Investor status of the Manager and/or the Shanghai-Hong Kong Stock Connect. The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the SSE Science and Technology Innovation Board 50 Index (the "Index"). The Sub-Fund is denominated in RMB.
- 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 Index is a new index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.
- Investments in the STAR Board may result in significant losses for the Sub-Fund and its investors.
- The Sub-Fund's investments are concentrated in companies focusing on technology innovation. Many of the companies focusing on technology innovation 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 Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The Sub-Fund's investments are concentrated in a single geographical region (i.e. mainland China) and the STAR market. As such, it may be subject to greater volatility than broad-based funds.
- Mainland China is considered an emerging market and investments in the mainland China market may be subject to greater economic, political, tax, foreign exchange, regulatory, volatility and liquidity risks, than that in more developed countries. The A-Shares market is volatile and unstable (e.g. due to suspension of particular stocks or government intervention) than those in more developed markets.
- The trading price of the Shares on the SEHK is driven by market factors such as the demand and supply of the Shares. Therefore, the Shares may trade at a substantial premium or discount to the Sub-Fund's NAV.

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.