# ETF STRATEGY 15 November 2021

# China Tech Sector May Present Buying Opportunities

## Takeaway

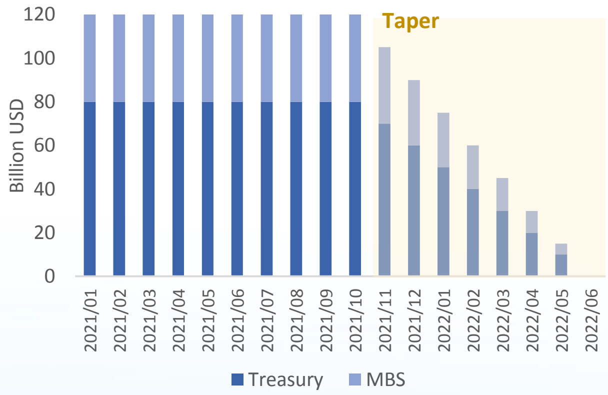
- The Fed officially began tapering in November, and the market expects the earliest rate hike to occur in June 2022.
- China's tech sector rebounded. With attractive valuations, fading policy uncertainties, and improved fundamental expectations, China's tech sector may usher in a good buying opportunity.
- Maintain optimistic about structural thematic investment opportunities in cloud computing, solar photovoltaic, and smart driving.
- Gold has seen a significant rise since the end of September, but the trend of policy normalization and strong US dollar might bring negative effects. Recommend 7299.HK and 7374.HK to seize short-term trading opportunities for gold.

## Macro Views

### 【Global】

- **The Fed officially began tapering in November, and when to raise interest rates has become the next focus of attention in the market.**
  - At November FOMC meeting, Fed Chairman Jerome Powell stated that further progress has been made toward maximum employment and price stability goals, so they will reduce the monthly pace of net asset purchased by $10 billion for Treasury and $5 billion for agency mortgage-backed securities (MBS) in November and December. If the economy evolves broadly as expected, Fed judge that similar reductions in the pace of net asset purchases will likely be appropriate each month, implying that increases in Fed's securities holdings would cease by June 2022.
  - After the Tapering announced, when to raise interest rates becomes the focus of attention. The Fed stated that tapering asset purchases does not imply any direct signal for interest rate policy. Powel also said that it will articulate a different and more stringent test for economic conditions that would need to be met. FedWatch tool from CME Group shows that the market expects the earliest rate hike occurs in June 2022. After the CPI growth hit a 31-year high in October, the probability of an interest rate hike in June 2022 has risen from 47% to 71%, and more and more people are expecting twice rate hikes in 2022.

The Monthly Asset Purchases




Market Expected that First Rate Hike Will Occur in June 2022

| MEETING PROBABILITIES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| MEETING DATE | 0-25 | 25-50 | 50-75 | 75-100 | 100-125 | 125-150 | 150-175 | 175-200 |
| 12/15/2021 | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | |
| 1/26/2022 | 97.5% | 2.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 3/16/2022 | 78.6% | 20.9% | 0.5% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 5/4/2022 | 63.0% | 32.4% | 4.5% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| 6/15/2022 | 29.2% | 48.8% | 19.5% | 2.5% | 0.1% | 0.0% | 0.0% | 0.0% |
| 7/27/2022 | 20.5% | 42.9% | 28.2% | 7.5% | 0.8% | 0.0% | 0.0% | 0.0% |
| 9/21/2022 | 10.7% | 32.2% | 35.3% | 17.5% | 4.0% | 0.4% | 0.0% | 0.0% |
| 11/2/2022 | 7.8% | 26.4% | 34.4% | 22.3% | 7.6% | 1.4% | 0.1% | 0.0% |
| 12/14/2022 | 2.0% | 12.6% | 28.5% | 31.3% | 18.4% | 6.0% | 1.0% | 0.1% |
| 2/1/2023 | 1.6% | 10.3% | 25.0% | 30.7% | 21.3% | 8.7% | 2.1% | 0.3% |



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Source: Fed, CME, CSOP. As of 2021/11/11

Note: The monthly asset purchases after December 2021 are estimated and are subject to changes by Fed based on the economic conditions.

- **Continuous high Inflation added pressure to Fed policymaking.** Recently, supply chain bottlenecks, soaring energy prices, and rising labour costs have caused inflation to continue to rise. The U.S. October CPI rose 6.2% year-on-year, a 31-year high. The US PCE rose 0.4% month-on-month and 4.4% year-on-year in September, the fastest growth rate since January 1991. The White House and the Fed insisted that inflation would fall once the supply bottleneck begins to ease, and the repeat of 1970s-level inflation is not allowed. At present, the Fed maintains its focus on the recovery of the labor market, but if inflation continues to exceed expectations, we need to be cautious about the Fed's shifting focus to inflation and accelerate the pace of policy normalization.

**【China】**

- **Economic growth is impacted by constraints from supply and demand sides. Supply constraints are expected to ease marginally, and the consumption may recover faster if the pandemic improves.**
    - The GDP in the third quarter increased by 4.9% year-on-year (the growth rate was 7.9% in the second quarter), which was significantly lower than market expectations of about 5.5%. The two-year compound growth rate of GDP in the third quarter was 4.9%. In the third quarter, the economy was hit by both supply and demand, but the impact of supply constraints was greater.
    - **On the supply side, supply shortage and rising commodity prices are the main factors.** In the third quarter, due to dual control of energy consumption policies, power cuts, factory closures, and chip shortage, production has shrunk sharply and operating rates have fallen. Meanwhile, the inventory levels of many representative upstream industries have experienced declines despite seasonal factors, which further intensified supply constraints.
    - **On the demand side, the returning epidemic in the third quarter posed extra downward pressure on consumption.** In September, total retail sales of consumer goods increased by 4.4% year-on-year, and the two-year average growth rate was 3.8%, an improvement of 2.1 percentage points from August.
    - **The divergence of PPI and CPI maintains**. In October, the PPI increased by 13.5% year-on-year and 2.5% month-on-month, significantly higher than market expectations. It was the 11th consecutive month of higher-than-expected growth. The CPI growth rate in September was lower than expected, while the CPI in October rose more than expected under the support of fresh vegetable prices, but such impact of fresh vegetable prices may fade away soon.
    - **Exports remain strong, and the trade surplus hit a record high in October**. China's export remains strong when overseas demand continues to recover and global supply bottlenecks remain unresolved. From January to October this year, China's total import and export of goods trade (in US dollars, the same below) increased by 31.9% year-on-year, continuing the good momentum this year. In October, the export value amount increased by 27.1% year-on-year, the import value increased by 20.6%, and the trade surplus was US$84.54 billion, setting a new high.
    - **Looking forward to the next few months**, with the measures to "insure prices and stabilize supply", supply-side shocks will be marginally eased, commodity prices will fall from high levels, and PPI will be close to an inflection point. However, future demand and consumption will still be subject to the pandemic progress and anti-pandemic measures. Newly confirmed

cases have appeared again in many provinces in China recently, posing larger pressure on the consumption recovery in China. As the overseas imbalance between constrained supply and strong demand continues and the holiday consumption season is approaching, China's exports and trade surplus are expected to remain strong by the end of this year.

- **In terms of industrial policy, the regulatory pressure on the Internet policy is marginally decreased, and more and more supportive policies in the new energy sector are introduced**.
    - Since last year, China's big tech companies have experienced headwinds from policymakers, and many businesses such as Fintech and games are involved in supervision. However, with the implementation of administrative penalties and the active rectification of various companies, **the regulatory pressure on China's Internet sector has gradually eased**. Following Alibaba, the State Administration of Market Regulation (SAMR) announced an administrative penalty decision on the grounds that Meituan had abused its dominant market position within the Chinese online food delivery service market. The SAMR ordered Meituan to stop its unlawful acts and fully refund the exclusive cooperation deposits of CNY 1.289 billion. In addition, it was imposed a fine of CNY 3.442 billion (approx. USD 530 million), representing 3% of its revenue generated within China in 2020.
    - **In the field of new energy, continuous supportive policies have been introduced**, supporting the mid- to long-term development of solar photovoltaics and new energy vehicles. In October, the "Action Plan for Carbon Dioxide Peaking Before 2030" was issued and included overall deployment and detailed implementation of various main goals to realize carbon peaking by 2030. In terms of photovoltaics, the plan emphasizes that by 2030, total installed generation capacity of wind and solar power will reach above 1200 gigawatts (GW), and for the first time clarifies that "renewable resources will account for 8% of the alternative to conventional energy used in buildings, and we will strive to reach 50% photovoltaic coverage on the roofs of newly constructed public buildings and factories." In terms of new energy vehicles, it mentioned that by 2030, the share of incremental vehicles fuelled by new and clean energy will reach around 40%.

**Overview of Recent Regulatory Policies on Internet Industry**

| Date | Policies | Sectors |
|---|---|---|
| **2020/11/3** | Listing of Ant Financials A+H postponed;<br>Banking and Insurance Regulatory Commission (CBIRC), together with People's Bank of China (PBoC) and other related departments drafted the "Interim Measures for the Administration of Online Microfinance business (Draft for Comments)" | Fintech |
| **2020/12/24** | The State Administration of Market Regulation (SAMR) filed a case for investigation on the monopoly behaviour of Alibaba Group in accordance with the Anti-monopoly Law | Internet<br>Anti-monopoly |
| **2021/2/7** | The Anti-monopoly Commission of the State Council issued the "Anti-monopoly Guidelines for Platform Economy" | Internet<br>Anti-monopoly |
| **2021/4/10** | The SAMR imposed administrative penalties on Alibaba Group's monopoly behaviour (force to choose one out of two platforms) and fined RMB 18.228 billion | Internet<br>Anti-monopoly |
| **2021/6/10** | Released "National Data Security Law" | Internet –<br>Data Security |
| **2021/7/2** | Started network security review on DIDI | Internet – |



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| | | Data Security |
| **2021/7/7** | The SAMR made administrative punishment decisions on 22 cases of illegal concentration of business operators in the Internet field according to law | Internet Anti-monopoly |
| **2021/7/10** | The State Internet Information Office issued “Measures for Network Security Review (Revised Draft for Comments)”, requiring operators with personal information of more than 1 million users to apply for network security review before listing abroad | Internet – Data Security |
| **2021/7/26** | The SAMR, together with other seven departments, jointly issued “Guidelines on Implementing the Responsibility of Online Catering Platform and Effectively Safeguarding the Rights and Interests of Takeout Waiters”, emphasizing the protection of labour income and labour safety | Internet – Catering |
| **2021/9/9** | The State Network Information Office, the Ministry of Public Security and other five departments jointly issued “Provisions on Automobile Data Security Management (for Trial Implementation)”, which will come into force on October 1st. The regulations further restrict the data collected by relevant organizations such as automobile manufacturers. | Internet - Connectivity |
| **2021/10/8** | The SAMR has fined food delivery giant Meituan 3.44 billion yuan ($527.4 million) for abusing its dominant market position | Internet Anti-monopoly |
| **2021/10/9** | The amended draft of the Anti-Monopoly Law was submitted to the Standing Committee of the National People's Congress for deliberation for the first time, which means that anti-monopoly regulatory framework for the Internet industry will be clearer | Internet Anti-monopoly |
| **2021/11/1** | The "Personal Information Protection Law of the People's Republic of China" came into effect on November 1, 2021. The law clarifies that excessive collection of personal information, price discrimination through big data are prohibited, and the processing of sensitive personal information such as facial information is regulated | Internet – Personal Information Protection |
| **2021/11/3** | The Ministry of Industry and Information Technology (MIIT) issued a notice on Wednesday notifying 38 mobile apps, including some of the most popular like Tencent's QQ Music, for law violations such as excessive collection of users' personal information. This is the first big clampdown since the Personal Information Protection Law started to take effect on Monday. All the app operators were required to fully rectify these issues before November 9 or they will face corresponding administrative penalties, according to the ministry. | Internet – Personal Information Protection |

Source: Government Announcement, CITIC Securities, CSOP, as of 2021/11/11

**The Recent Major Policies in New Energy Sector in China**

| Date | Policies | Involved Sectors |
|---|---|---|
| **2020/9/22** | President Xi Jinping announced at the General Debate of the 75th Session of the United Nations General Assembly: “China will scale up its nationally determined contributions by adopting more vigorous policies and measures, strive to peak carbon dioxide emissions before 2030, and achieve carbon neutrality before 2060.” | Solar Photovoltaic, New Energy Vehicles |
| **2020/11/2** | The State Council issued “Development Plan for the New Energy Vehicle Industry (2021-2035)” | New Energy Vehicles |
| **2021/3/12** | The National Development and Reform Commission (NDRC), together with another 5 departments, issued “Notice on guiding and increasing | Solar Photovoltaic |



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| | financial support to promote the healthy and orderly development of wind PV power generation industries” | |
| | The Fourth Session of the 13th National People's Congress passed the "the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives through the Year 2035" | Solar Photovoltaic, New Energy Vehicles |
| **2021/4/22** | The National Energy Administration (NEA) issued “Working Guidance for Energy in 2021” | Solar Photovoltaic |
| **2021/6/11** | The NDRC issued the “Notice on matters related to the renewable electricity feed-in tariff policy in 2021” | Solar Photovoltaic |
| **2021/6/20** | The NEA issued the “Notice on Reporting the Pilot Program for the Development of Roof Distributed Photovoltaics in the Whole County (City, District)” | Solar Photovoltaic |
| **2021/7/30** | The Politburo meeting first raised support for the acceleration of the development of new energy vehicles, and called the corrective campaign "carbon reduction" | Solar Photovoltaic, New Energy Vehicles |
| **2021/10/24** | The State Council issued the “Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy” | Solar Photovoltaic, New Energy Vehicles |
| **2021/10/26** | The State Council issued the “Action Plan for Carbon Dioxide Peaking Before 2030” | Solar Photovoltaic, New Energy Vehicles |
| **2021/10/27** | The State Council issued “China’s Policies and Actions for Addressing Climate Change” | Solar Photovoltaic, New Energy Vehicles |

Source: Government Announcement, Qianzhan Industry Research Institute, CSOP, as of 2021/11/11

## Allocation Views

**【ETF Views】**

| Class | Views | Codes | ETF Names |
|---|---|---|---|
| **Money Market** | RMB beat the market expectations and become one of the best performing currencies year to date thanks to robust exports and trade surpluses, continuous capital inflows into Chinese bonds, and neutral and even easing-oriented monetary policy. We expect these factors to continue support RMB to remain stable and resilient during the whole year. | 3053.HK<br>9096.HK<br>3122.HK | CSOP Hong Kong Dollar Money Market ETF<br>CSOP US Dollar Money Market ETF<br>CSOP RMB Money Market ETF |
| **Fixed Income** | Amid downward economic pressure, passive fund inflows from index inclusion and resilient RMB, we maintain our recommendation for China's rate bonds. | 3199.HK | CSOP Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF |
| **A Shares** | Recently, the A-share market shows great divergence and lack trending opportunity in broad basis. So we maintain a neutral view on overall A-share market.<br>• In the Q3 2021, CSI 500 index realized the revenue growth rate of 29.03% and net profit growth rate of 37.53%, both higher than the market. And its valuation remains attractive among lots of expensive high-quality | 2822.HK<br>3149.HK<br>3005.HK | CSOP FTSE China A50 ETF<br>CSOP MSCI China A Inclusion Index ETF<br>CSOP CSI 500 ETF |


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| | securities in A-share market. So we maintain the positive view of CSI 500 index<br>• Leaders in lithium batteries and photovoltaic equipment sector and other policy-friendly sectors are expected to support the growth momentum of the ChiNext by the end of the year, and we upgraded the rating of ChiNext from Neutral to Overweight. | 3147.HK<br>3109.HK | CSOP SZSE ChiNext ETF<br>CSOP STAR 50 Index ETF |
| **HK Stocks** | China's tech sector has rebounded from bottom in the past two months. We maintain our recommendation of Hong Kong technology stocks.<br>• **Attractive valuation**: The Hang Seng TECH Index has fallen more than 40% from its February high, making its valuation have a significant comparative advantage compared with peers in US and A-share market.<br>• **Policies are developing in a favourable direction**: The negative effects of Internet supervision on market sentiment have marginally decreased. With clear anti-monopoly policy framework and announced penalty results of tech giants, the policy uncertainties ebbed and the market sentiment is recovering.<br>• **Fundamental improvement**: In spite of the recent weak profitability of the Internet business, new growth engines emerged, such as corporate service businesses like cloud computing, overseas online games, semiconductors, etc. Earnings growth would be strong next year. | 3033.HK<br>3037.HK | CSOP Hang Seng TECH Index ETF<br>CSOP Hang Seng Index ETF |
| **Thematic** | Continue to **recommended cloud computing, solar photovoltaics, and smart driving**.<br><br>❖ **Cloud computing**: The digitalization trend and good earnings performance support our recommendation on cloud computing. The third-quarter results show that the cloud computing business of cloud service vendors generally grew faster than expected. *Microsoft*'s Q3 revenue recorded the fastest growth rate in the past three years, mainly contributed by cloud business performance. Its intelligent cloud revenue increased by 31% | 3167.HK | ICBC CSOP S&P NEW CHINA SECTORS ETF |

| | | | |
|---|---|---|---|
| | year-on-year; *Google* parent company Alphabet's Q3 profit and revenue beat expectations, and the growth rate of its cloud revenue exceeded the growth rate of total revenue, reaching 45%; *Amazon*'s cloud computing business revenue in the third quarter increased by 38.87% year-on-year, another record high; *Tencent*'s profit growth in the third quarter slowed significantly, but its financial technology and corporate services business revenue increased by 30% year-on-year, and Tencent's cloud services has become its new important growth engine. | 3193.HK# | CSOP Yinhua CSI 5G Communications Theme ETF# |
| | ❖ **Solar photovoltaic**: The third quarter results show that the total revenue of the 50 constituents of the CSI Photovoltaic Industry Index was 164.567 billion RMB, a year-on-year increase of 47.5%; the total net profit was 16.703 billion RMB, a year-on-year increase of 23.3%. The competition pattern of great divergence between upstream and downstream sides and high industrial concentration continues. The main contradiction of China's photovoltaic industry is still the mismatch of supply and demand. From the perspective of demand, the newly installed photovoltaic capacity in the first three quarters totalled 25.56GW, and there is still 30GW (55GW-25GW) from the lowest 2021 forecast. Hence the fourth quarter may usher in a wave of rush to install. From the perspective of supply, the dual control of energy consumption policy and the soaring price of silicon materials have become the biggest constraints. Recently, the price of silicon materials shows signs of stabilization, which is expected to ease the pressure on profitability of mid-and-downstream enterprises, and the earning performance of photovoltaic leaders show great momentum. | 3194.HK | CSOP Global Cloud Computing Technology Index ETF |
| | | 3134.HK | CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF^ |
| | ❖ **Healthcare**: Based on the Q3 results and market sentiment, it will take time for the healthcare sector in Hong Kong market to recover. On November 11, the three-day national medical insurance negotiations ended, and many leading pharmaceutical companies participated in the negotiations. All eyes are on the follow-up negotiation results announced by the China's National Healthcare Security Administration, including the | 3174.HK | CSOP China Healthcare Disruption Index ETF |

| | | | | |
|---|---|---|---|---|
| | | included drugs and price reductions. The valuation of the biotech sector has keep falling since July and has entered a relatively reasonable range. If the announced price cut is smaller than market expectations, it could be a boost for market sentiment and a buying opportunity is coming.<br><br>❖ **Smart Driving**: In the third quarter, global electric vehicle sales increased by 10% month-on-month, and the penetration rate of new energy vehicles in China increased from 7.2% in January to 17.3% in September, showing the clear trend of smart vehicles. We are optimistic about the leading companies in upstream equipment, lithium resources, batteries, as well as OEMs with competitive and innovative new energy products. So we maintain the overweight rating for 3162.HK. | 3162.HK | CSOP Global Smart Driving Index ETF |

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

| Green | > | Grey | > | Red |
|---|---|---|---|---|
| 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. ^CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF is a feeder fund. Its master fund, Huatai-PineBridge CSI Photovoltaic Industry ETF, is not authorized by the Securities and Futures Commission for direct offering to the public in Hong Kong

**【L&I Views】**

Since the end of September, both spot gold and COMEX gold futures have risen by more than 8%, and the U.S. dollar and gold have risen at the same time. CITIC Securities believes that gold may usher in a medium-term long-term opportunity. It believes that 1) with the economic downward pressure and high inflation, the macro environment is favourable for gold performance; 2) gold had been negatively affected by monetary tightening expectations year to date, and is the first asset to reflect market expectations of tapering. After the announcement of Fed's Taper and two interest rate hike expectations in 2022, the biggest negative factor for gold has been lifted. At the same time, the other major central banks like European Central Bank has the low probability of raising interest rates next year; 3) Short-term interest rates are more likely to rise rather than fall. And US Treasury yield curve may tend to invert, making monetary tightening difficult to sustain. These factors may help gold rise further. Recommend **CSOP Gold Futures Daily (2x) Leveraged Product (7299.HK)** to grasp the recent upward trend of gold. However, considering the general trend of QE exist and rate hikes, U.S. dollar appreciation, and economic recovery, gold may have a correction amid volatile market situation. **CSOP Gold Futures Daily (-1x) Inverse Product (7374. HK)** helps investors seize short-term short opportunities.

The AH premium level remains high, and the Hang Seng Stock Connect China AH Premium Index was 142.73 on November 12, 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 | -711.81 |

| | | | |
|---|---|---|---|
| | 7333.HK | CSOP CSI 300 Index Daily (-1x) Inverse Product | 725.73 |
| | 7248.HK | CSOP FTSE China A50 Index Daily (2x) Leveraged Product | 62.27 |
| | 7348.HK | CSOP FTSE China A50 Index Daily (-1x) Inverse Product | -5.81 |
| **HK Stocks** | 7200.HK | CSOP Hang Seng Index Daily (2x) Leveraged Product | 0 |
| | 7300.HK | CSOP Hang Seng Index Daily (-1x) Inverse Product | 0 |
| | 7500.HK | CSOP Hang Seng Index Daily (-2x) Inverse Product | 60.12 |
| | 7288.HK | CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product | -23.82 |
| | 7588.HK | CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product | -30.68 |
| | 7226.HK | CSOP Hang Seng TECH Index Daily (2x) Leveraged Product | 17.09 |
| | 7552.HK | CSOP Hang Seng TECH Index Daily (-2x) Inverse Product | -127.07 |
| **US Stocks** | 7568.HK | CSOP NASDAQ-100 Index Daily (-2x) Inverse Product | 180.83 |
| | 7266.HK | CSOP NASDAQ-100 Index Daily (2x) Leveraged Product | 0 |
| **Commodities** | 7299.HK | CSOP Gold Futures Daily (2x) Leveraged Product^ | 0 |
| | 7374.HK | CSOP Gold Futures Daily (-1x) Inverse Product* | 0 |

Source: Bloomberg, from 1 September 2021 to 30 September 2021. Green-Capital Inflow, Red-Capital Outflow, Grey- No Capital Flow. * Since this product is listed on 20 October 2021, the calculating period is 2021/10/20-2021/10/29

^: 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.

* The investment objective of the CSOP Gold Futures Daily (-1x) Inverse Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of 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 an inverse return of gold spot price.

## Market Overview

US stocks set new highs in October, and the Chinese tech sector rebounded.

- Supporting by the strong earnings, three major indexes rose to new highs in October.
- In A-share market, the value style tends to come back, and the cyclical stocks which rose sharply before made a correction. FTSE China A50 Index rose 2.66% in October, while CSI 500 index fell 1.14%.
- The Hong Kong market rose in October amid tech stocks rebound. Hang Seng index rose 3.26%, and Hang Seng TECH index 4.50%. Southbound inflows reached HK$9.782 billion in October.
- RMB performed robust and the exchange rate USDCNY once touched 6.4.



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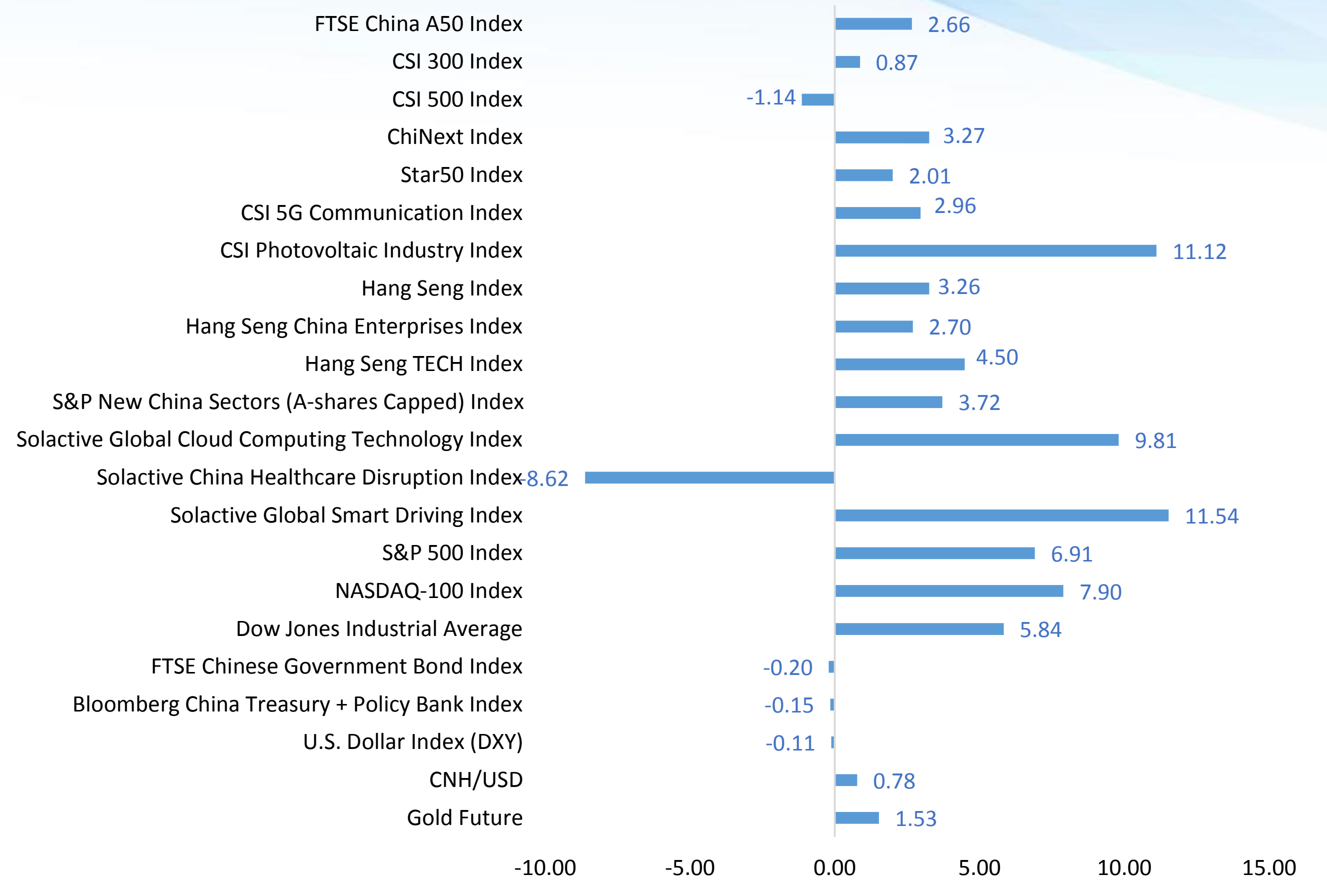
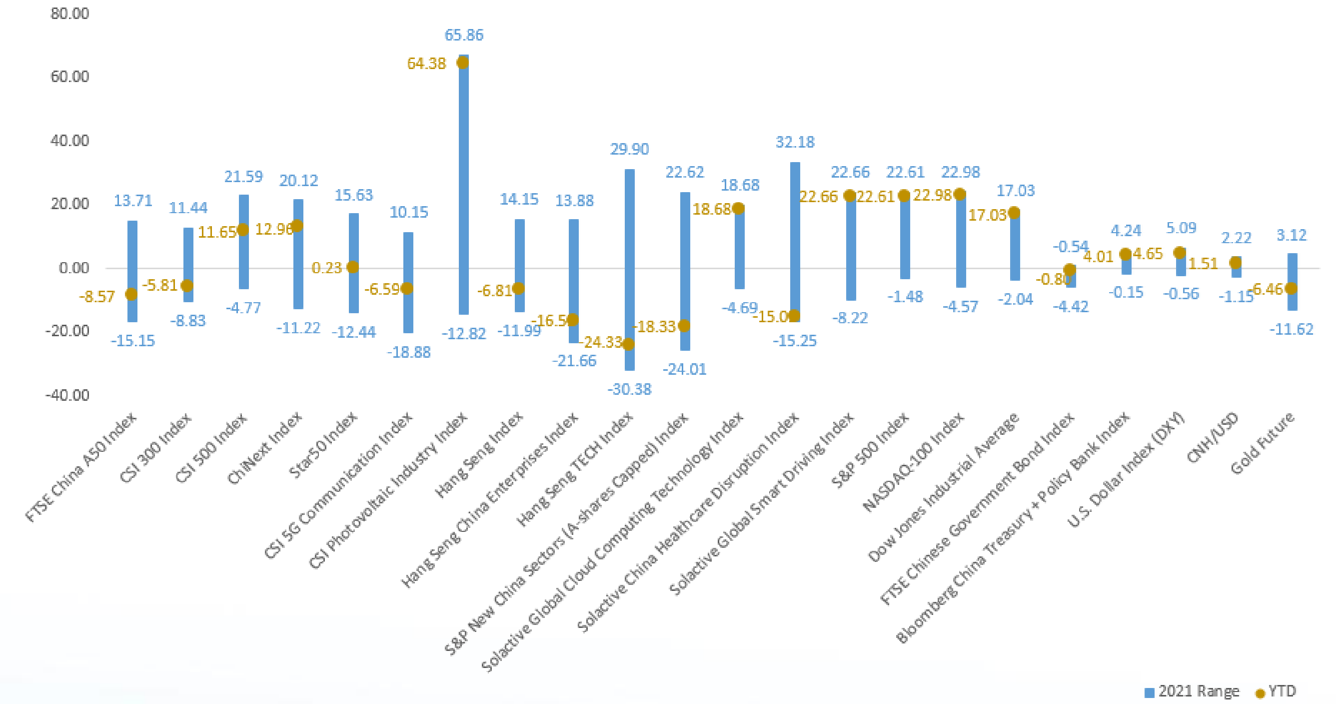
## Monthly Return (%)




Source: Bloomberg, monthly return: 2021/9/30-2021/10/29

## 2021 Year-to-date and Range (%)




Source: Bloomberg, as of 29 October 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



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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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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 China Treasury + Policy Bank Bond Index ETF

- CSOP Bloomberg China Treasury + Policy Bank Bond Index ETF (“the Sub-Fund”) is a “physical” ETF meaning it will invest directly in RMB denominated and settled fixed-rate bonds issued by the Ministry of Finance of the PRC, the China Development Bank, the Agricultural Development Bank of China or the Export-Import Bank of China and distributed within the PRC mainland (the “Treasury Bonds and Policy Bank Bonds”) through the Manager’s status as a Qualified Foreign Investor (“QFI”), and/or via the initiative for mutual bond market access between Hong Kong and Mainland China (“Bond Connect”).
- Because the Sub-Fund invests in fixed-income securities, the Sub-Fund is subject to interest rate risk. Interest rate risk is the risk that the value of the Sub-Fund’s portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments.
- The Sub-Fund is subject to liquidity risk as continued regular trading activity and active secondary market for bonds is not guaranteed. The bid and offer spread of the price of bonds may be large, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly. There can be no assurance that investors will be able to dispose of their Units at prices in the amounts and at the times at which they would wish to.

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.



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- 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.



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CSOP Gold Futures Daily (2x) Leveraged Product ("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 Gold Futures Daily (-1x) Inverse Product ("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 an inverse 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 tracks the inverse performance of the Index on a Daily basis. Where the performance of the Index is positive, it could have a 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.
- 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 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.
- 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 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 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



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2801-2803, Two Exchange Square, 8 Connaught place, Central, Hong Kong

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.

CSOP Hang Seng Index ETF

- CSOP Hang Seng Index ETF (the "Sub-Fund") is a sub-fund of the CSOP ETF Series III, which is an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively managed index tracking exchange traded fund authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds. The units of the Sub-Fund are traded on the Stock Exchange of Hong Kong Limited (the "SEHK") essentially like shares.
- The Sub-Fund is not principal guaranteed and your investments may suffer losses. There is no assurance that the Sub-Fund will achieve their respective investment objectives.
- The Sub-Fund 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 value of the Hang Seng Index (the "Underlying Index") may result in a corresponding fall in the value of the Sub-Fund.
- The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- The Underlying Index tracks the performance of companies incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region and in particular Hong Kong listed securities of specific industry sectors. The NAV of the Sub-Fund is therefore likely to be more volatile than a more broad-based fund, such as a global or regional fund, as the Underlying Index is more susceptible to fluctuations in value resulting from adverse conditions in a single region.
- 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, such as the demand and supply of units, and may trade at a substantial premiums or discount to its NAV.

CSOP Global Cloud Computing Technology Index ETF

- CSOP Global Cloud Computing Technology Index ETF (the "Sub-Fund") is a passively managed index tracking ETF authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the "Shares") are traded on the Stock Exchange of Hong Kong Limited (the "SEHK") like stocks. The Sub-Fund is a physical ETF and invests primarily in US and Hong Kong listed companies that have business operations in the field of cloud computing. The Sub-Fund is denominated in USD.
- 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.



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- The Solactive Global Cloud Computing Technology Index (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.
- The Index is subject to geographical concentration risks as a result of tracking the performance of primarily the US and Hong Kong listed companies that have business operations in the field of cloud computing. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US and Hong Kong 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.

CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF

- CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF (the "Sub-Fund") is a sub-fund of the CSOP ETF Series OFC ("Company"), 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 feeder fund and a passively managed index tracking exchange traded fund ("ETF") authorised under Chapters 7 and 8.6 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the "Shares") are traded on the Stock Exchange of Hong Kong Limited (the "SEHK") like stocks.
- The Sub-Fund is a feeder fund which in seeking to achieve its investment objective, will invest at least 90% of its NAV in the Huatai-PineBridge CSI Photovoltaic Industry ETF (the "Master ETF") via the RQFII status granted to the Manager. Investment in units of the Master ETF by the Sub-Fund will be made via the secondary market (i.e. through the SSE).The Master ETF is an exchange traded fund listed on the SSE that tracks the performance of the Index. The Master ETF is authorised by the SFC for the sole purpose of being master fund of the Sub-Fund and will not be directly offered to the public in Hong Kong.
- The Sub-Fund and 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 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.
- The performance of the Sub-Fund may deviate from the performance of the Master ETF due to the Sub-Fund's holdings in investments other than the Master ETF, as well as the Sub-Fund's fees and expenses. While the Sub-Fund seeks to minimise the tracking difference / tracking error arising from the Master ETF, there is no guarantee that the Sub-Fund may achieve such objective via investments other than investment in the Master ETF, due to various factors (e.g. timing differences / delays in adjusting the Sub-Fund's investments).
- Companies related to the photovoltaic industry or photovoltaic industrial chain may be subject to significant volatility in growth rates due to rapidly changing market conditions and/or participants, more advanced or new technologies, new competing products and/or enhancements in existing products. The photovoltaic industry is heavily dependent on patents and intellectual property rights and/or licences. The profitability of companies related to the photovoltaic industry may be adversely impacted by the loss or impairment of these intellectual property assets.
- Such companies may also be subject to unpredictable changes in competition. There is no assurance that products or services offered by the issuers of the constituents of the Index will not be rendered obsolete or be adversely affected by competing products, or that such companies will not be adversely affected by other challenges, such as instability, fluctuation, or an overall decline within the photovoltaic industry.
- Companies related to the photovoltaic industry may also be affected by regulatory risks, government intervention and political risks.
- 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.

CSOP China Healthcare Disruption Index ETF

- CSOP China Healthcare Disruption 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.
- Solactive China Healthcare Disruption Index (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
- The Index is subject to concentration risk as a result of tracking the performance of companies active in the innovative fields in the healthcare sector. This may result in greater volatility in the value of the Sub-Fund than more diverse portfolios which comprise broad-based investments.
- The Index is subject to geographical concentration risks as a result of tracking the performance of primarily Hong Kong listed companies that have business operations in the field of healthcare sector in mainland China, Hong Kong, Taiwan and Macau. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market and places where these companies have business operations including mainland China, Taiwan and Macau
- 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



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CSOP Global Smart Driving Index ETF

- CSOP Global Smart Driving 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.
- Solactive Global Smart Driving Index (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.
- The Index is subject to concentration risk as a result of tracking the performance of companies active in the smart driving sector. This may result in greater volatility in the value of the Sub-Fund than more diverse portfolios which comprise broad-based investments. Although the companies are based worldwide, the Index is subject to geographical concentration risks as a result of tracking the performance of primarily the US, PRC mainland and Hong Kong listed companies that have business operations in the field of smart driving. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US, PRC mainland and Hong Kong 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.



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