

# PRODUCT KEY FACTS

## ChinaAMC HSI ESG ETF (Unlisted Class)

*A sub-fund established under the ChinaAMC Global ETF Series*

Issuer: China Asset Management  
(Hong Kong) Limited



9 December 2024

***This statement provides you with key information about this product.***

***This statement is a part of the Prospectus.***

***You should not invest in this product based on this statement alone.***

### Quick facts

<b>Manager:</b>	China Asset Management (Hong Kong) Limited 华夏基金(香港)有限公司
<b>Trustee and Registrar:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	Class A Units: 0.15% Class B Units: 0.40% Class P Units: 0.13%
<b>Estimated annual tracking difference<sup>##</sup>:</b>	Class A Units: -0.05% Class B Units: -0.30% Class P Units: -0.03%
<b>Underlying Index:</b>	HSI ESG Enhanced Index (net total return index)
<b>Dealing Frequency:</b>	Daily on each business day
<b>Base Currency:</b>	Hong Kong dollars (HKD)
<b>Distribution Policy:</b>	No distribution to Unitholders
<b>Financial Year End:</b>	31 December
<b>Minimum Initial Investment and Minimum Holding:</b>	Class A Units (RMB): RMB 10,000 Class B Units (RMB): RMB 10 Class P Units (RMB): RMB 75,000,000 Class A Units (HKD): HKD 10,000 Class B Units (HKD): HKD 10 Class P Units (HKD): HKD 75,000,000

<sup>#</sup> As the Unlisted Class of Units of the Sub-Fund is newly set up, this figure is a best estimate only and represents the sum of the estimated ongoing charges over a 12-month period of an Unlisted Class, expressed as a percentage of the estimated average NAV (as defined under "Strategy" below) for the same period for the relevant Class. It may be different upon actual operation of the Unlisted Class of Units and may vary from year to year. The estimated ongoing charges do not represent the estimated tracking error.

<sup>##</sup> This is an estimated annual tracking difference. Investors should refer to the Sub-Fund's website for information on the actual tracking difference.

	Class A Units (USD):	USD 1,000	
	Class B Units (USD):	USD 1	
	Class P Units (USD):	USD 10,000,000	
<b>Minimum Investment and Redemption Amount</b>	<b>Subsequent and Minimum</b>		
	Class A Units (RMB):	RMB 10,000	
	Class B Units (RMB):	RMB 10	
	Class P Units (RMB):	RMB 10,000,000	
	Class A Units (HKD):	HKD 10,000	
	Class B Units (HKD):	HKD 10	
	Class P Units (HKD):	HKD 10,000,000	
	Class A Units (USD):	USD 1,000	
	Class B Units (USD):	USD 1	
	Class P Units (USD):	USD 1,000,000	
	<b>Sub-Fund Website:</b>	<a href="https://www.chinaamc.com.hk">https://www.chinaamc.com.hk</a>	
		(this website has not been reviewed by the SFC)	

### What is this product?

ChinaAMC HSI ESG ETF (the “**Sub-Fund**”) is a sub-fund of ChinaAMC Global ETF Series, an umbrella unit trust established under Hong Kong law. The Sub-Fund is a passively-managed ETF falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the SFC.

**The Sub-Fund offers both listed class of Units (the “Listed Class of Units”) and unlisted classes of Units (the “Unlisted Classes of Units”). This statement contains information about the offering of the Unlisted Class of Units, and unless otherwise specified, references to “Units” in this statement shall refer to the “Unlisted Class of Units”. Investors should refer to a separate statement for the offering of the Listed Classes of Units.**

### Objective and Investment Strategy

#### Objective

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the HSI ESG Enhanced Index (the “**Index**”).

#### Strategy

In seeking to achieve the Sub-Fund’s investment objective, the Manager will primarily use a full replication strategy through investing directly in securities included in the Index in substantially the same weightings in which they are included in the Index.

The Manager may also use a representative sampling strategy where it is not possible to acquire certain securities which are constituents of the Index due to restrictions or limited availability where the Manager considers appropriate in its absolute discretion. Prior notice will not be given to investors if the Manager switches from a full replication strategy to a representative sampling strategy, or vice versa. This means that the Sub-Fund will invest directly in a representative sample of securities that collectively has an investment profile that aims to reflect the profile of the Index. The securities constituting the representative sample may or may not themselves be constituents of the Index, provided that the sample closely reflects the overall characteristics of the Index. In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Index weighting on the condition that the maximum deviation from the Index weighting of any constituent will not exceed 4% or such other percentage as determined by the Manager after consultation with the SFC.

As a result of corporate actions of constituent companies of the Index, securities that are not constituents of the Index, including but not limited to equity securities, debt securities, convertible bonds and other derivative instruments, may be held by the Sub-Fund. Holdings of such securities will not exceed 10% of the Sub-Fund's net asset value ("**NAV**").

Apart from those received in corporate actions as described above, the Sub-Fund may invest in FDIs, including but not limited to futures and total return index swaps, for hedging or non-hedging (i.e. investment) purposes. The Sub-Fund's holdings of FDIs for non-hedging (i.e. investment) purposes will not exceed 10% of its NAV.

The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, with a maximum level of up to 50% and expected level up to 20% of the Sub-Fund's NAV. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion.

As part of the securities lending transactions, the Sub-Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included) valued on a daily basis. The collateral will be marked-to-market on a daily basis and be safekept by the Trustee or an agent appointed by the Trustee. For any non-cash collaterals, such as equity securities and fixed income securities, which may be received as collaterals in respect of the securities lending transactions, the Sub-Fund may hold not more than 30% of its NAV in securities which are not constituents of the Index. Non-cash collateral received may not be sold, re-invested or pledged.

The Sub-Fund may hold not more than 50% of its NAV in money market instruments and cash deposits for cash management purpose, taking into consideration the cash collateral received in respect of the securities lending transactions.

Currently, the Sub-Fund will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions, but this may change in light of market circumstances. The Manager will seek the prior approval of the SFC (if required) and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of the Prospectus.

## **Index**

The Index is a free float adjusted market capitalisation weighted index. It aims to measure the overall performance of the Hong Kong stock market combined with environmental, social and governance ("**ESG**") initiatives from international lens based on internationally recognised ESG principles, data, research and ratings. The Index intends to achieve at least 20% improvement in ESG Risk Rating over the Hang Seng Index (the "**Base Index**").

The universe of the Index comprises the constituents of the Base Index, with exclusion policy applied. The constituents of the Base Index must be constituents in the Hang Seng Composite LargeCap & MidCap Index Secondary-listed Foreign Companies, stapled securities and biotech companies with stock names that end with marker "B" and Specialist Technology Companies with stock names end with "PC" are excluded. "Foreign Companies" are companies which are incorporated outside Greater China (i.e. Hong Kong, Mainland PRC, Macau and Taiwan) and have the majority of their business presence outside Greater China.

The exclusion policy of the Index will be based on three ESG screenings, namely, (i) the ESG Risk Rating screening based on the ESG Risk Ratings from Sustainalytics (the "**ESG Risk Ratings**") (the "**ESG Risk Rating Screening**"), (ii) the United Nation Global Compact ("**UNGC**") principle

screening based on the UNGC compliance ratings from Sustainalytics, ESG Book and ISS (the “**UNGC Principle Screening**”), as well as (iii) the controversial product involvement screening based on the controversial product involvement data from Sustainalytics (the “**Controversial Product Involvement Screening**”).

Under the ESG Risk Rating Screening, the constituents in the Base Index are ranked based on their ESG Risk Ratings<sup>1</sup> from Sustainalytics in descending order (i.e. Rank 1 corresponds to the highest ESG risk). The 10 constituents in the Base Index with the highest ESG Risk Ratings will be excluded from the Index, subject to the following buffer zone rule.

Securities excluded due to ESG Risk Rating Screening in the last index review and newly added constituent(s) to the Base Index need to rank below 15th to be included to the Index, while securities not excluded due to ESG Risk Rating Screening in the last index review need to rank on or above 5th to be excluded from the Index.

If the number of excluded securities is greater than 10, the excluded security(ies) with the lowest ESG Risk Ratings will be added to the Index in order to maintain the number of excluded securities at 10. If the number of excluded securities is smaller than 10, the remaining constituent(s) of the Index with the highest ESG Risk Ratings will be removed from the Index in order to maintain the number of excluded securities at 10.

The ESG Risk Ratings measure the degree to which a company’s economic value is at risk from financially material ESG risk factors. The ESG Risk Ratings are composed of three building blocks that contribute to a company’s overall rating, namely, corporate governance, material ESG issues and idiosyncratic issues (being the occurrence of controversial/unexpected event). The ESG Risk Ratings are built on a two-dimensional approach, starting with the “exposure” dimension reflecting the extent to which a company is exposed to material ESG risks, followed by the “management” dimension assessing how well the company manages its exposure to those risks. These two dimensions are applied across the three building blocks upon which the overall ESG Risk Ratings for a company is determined. Ultimately, the ESG risk scores across each of the three building blocks are aggregated to arrive at an overall risk assessment for the ESG Risk Ratings. Please refer to the Prospectus for further details on the ESG Risk Ratings.

Under the UNGC Principle Screening, UNGC compliance ratings from Sustainalytics, ESG Book and ISS (the “**UNGC Data Providers**”) are used. A constituent of the Base Index will be excluded from the Index if it meets the UNGC non-compliance criteria for a majority (i.e. more than 50%) of the UNGC Data Providers that cover the constituent. Please refer to the Prospectus for details on the UNGC non-compliance criteria.

Under the Controversial Product Involvement Screening, a constituent of the Base Index will be excluded from the Index if it reaches any of the following thresholds of controversial product involvement:

<b>Product Involvement Screening Areas</b>	<b>Threshold</b>
Thermal Coal Extraction	Greater than or equal to 5% of revenue
Thermal Coal Power Generation	Greater than or equal to 5% of revenue
Tobacco Products Production	Greater than or equal to 5% of revenue
Tobacco Products Retail	Greater than or equal to 5% of revenue
Controversial Weapon Tailor-made and Essential	Any involvement
Controversial Weapons Non-tailor-made and Non-essential	Any involvement

The remaining securities of the Base Index after the three screenings above are applied will be tilted based on the ESG Risk Ratings. Securities with relatively higher (lower) ESG Risk Ratings will be tilted down (up) in weights, subject to a cap of 8% on individual constituent weight for each Index constituent.

<sup>1</sup> Securities with missing ESG Risk Ratings are excluded from the Index.

The Index is compiled and managed by Hang Seng Indexes Company Limited (the “**Index Provider**”). The Manager and its connected persons are independent of the Index Provider.

The Index is a net total return index. A net total return index reflects the reinvestment of dividends or coupon payments, after deduction of any withholding tax (including surcharges for special levies, if applicable). The Index is denominated and quoted in HKD.

The Index was launched on 29 November 2021 and had a base level of 6,000 on 7 December 2018. As at 5 December 2024, the Index had a free-float adjusted market capitalisation of HKD 2.24 trillion and 70 constituents, representing a reduction of 10 constituent securities compared with the Base Index after applying the ESG selection approach as mentioned above. It is expected that the overall ESG Risk Ratings of the Sub-Fund’s portfolio will be at least 20% better than the Base Index.

The Index is distributed under the following identifiers:

Bloomberg Code: HSIESGSN

Reuters Code: .HSIESGSN

The most updated list of the constituents of the Index, their respective weightings and additional information of the Index methodology are published at <https://www.hsi.com.hk/eng/indexes/all-indexes/hsiesgs> (this has not been reviewed or approved by the SFC).

### **Use of derivatives / investment in derivatives**

The Sub-Fund’s net derivative exposure may be up to 50% of its Net Asset Value.

### **What are the key risks?**

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

#### **1. General investment risk**

- The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal. There is no assurance that the Sub-Fund will achieve its investment objective.

#### **2. Passive investment risk**

- 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 Index are expected to result in corresponding falls in the value of the Sub-Fund.

#### **3. Equity market risk**

- 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.

#### **4. New index risk**

- The Index is a new index. The Index has minimal operating history by which investors can evaluate its previous performance. There can be no assurance as to the performance of the Index. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.

#### **5. Risk associated with ESG investing**

- The use of ESG criteria in the construction of the Index (including constituent selection and index calculation) may affect the Sub-Fund’s investment performance. ESG-based exclusionary criteria may result in the Index excluding certain securities which might otherwise be advantageous for the Sub-Fund to invest in. It is possible that the Index (and hence the Sub-



Fund's portfolio) may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG rating assessment and ESG based exclusions.

- The Sub-Fund's investments may be concentrated in companies with a greater ESG focus and thus its value may be more volatile than that of a fund with having a more diverse portfolio of investments.
- The construction of the Index is based on, among others, the results from various ESG assessment and ratings as well as the application of certain ESG-based exclusion factors. In evaluating a security or issuer based on ESG criteria, the Index Provider is dependent upon information and data from the ESG data providers. While the Index Provider has exercised care in using ESG-related data and information, assessment by the ESG data providers of the ESG screenings (being Sustainalytics, ESG Book and ISS) may involve qualitative factors. It is possible that the relevant investment criteria may not be applied correctly. The information and data may also be incomplete, inaccurate or unavailable from time to time. The above may in turn affect the Index Provider's ability to assess potential constituents for inclusion or exclusion from the Index.
- There can be no assurance that the Index Provider's assessment will reflect the actual circumstances or that the securities selected will fulfill ESG criteria. The Sub-Fund may forgo investment opportunities which meet the relevant ESG criteria or invest in securities which do not meet such criteria.
- There is a lack of standardised taxonomy in relation to ESG investing strategies. The standard of disclosure adopted by funds in relation to the relevant ESG factors or principles may vary.

#### **6. Risks associated with investments in companies with weighted voting rights**

- The Sub-Fund may invest in companies (such as innovative companies) which have a weighted voting rights (WVR) structure. This leads to issues relating to shareholder rights and corporate governance as well as investor protection, which may have a negative impact on the Sub-Fund where the Sub-Fund invests in the ordinary shares of such companies.

#### **7. Geographical concentration risk**

- The Index is subject to concentration risk as a result of tracking the performance of securities of companies listed on the SEHK which are incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region. The NAV of the Sub-Fund is therefore likely to be more volatile than a broad-based fund, such as a global or regional fund, as the Index is more susceptible to fluctuations in value resulting from adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Greater China region.

#### **8. Securities lending transactions risk**

- The borrower may fail to return the securities lent out in a timely manner or at all. The Sub-Fund may as a result suffer from a loss or delay when recovering the securities lent out.
- The Sub-Fund must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Sub-Fund if the borrower fails to return the securities lent out. The Sub-Fund may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.
- By undertaking securities lending transactions, the Sub-Fund is exposed to operational risks such as delay or failure of settlement. The above events may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

#### **9. Differences in dealing arrangements between Listed and Unlisted Classes of Units**

- Investors of Listed and Unlisted Classes of Units are subject to different pricing and dealing arrangements. The NAV per Unit of each of the Listed and Unlisted Classes of Units may be different due to different fees and cost applicable to each class. The dealing deadlines in respect of the Listed Class of Units for in-kind creation and redemption application and the Unlisted

Class of Units are different (but the dealing deadlines in respect of the Listed Class of Units for cash creation and redemption application and the Unlisted Class of Units, as well as the valuation point is the same for the relevant dealing day). The trading hours of The Stock Exchange of Hong Kong Limited applicable to the Listed Class of Units in the secondary market and the dealing deadlines in respect of the Listed Class of Units (on the primary market) or Unlisted Classes of Units are also different.

- Units of the Listed Class of Units are traded on the stock exchange in the secondary market on an intraday basis at the prevailing market price (which may diverge from the corresponding NAV), while Units of the Unlisted Classes of Units are sold through intermediaries based on the dealing day-end NAV and are dealt at a single valuation point with no access to intraday liquidity in an open market. Depending on market conditions, investors of the Unlisted Classes of Units may be at an advantage or disadvantage compared to investors of the Listed Class of Units.
- In a stressed market scenario, investors of the Unlisted Classes of Units could redeem their Units at NAV while investors of the Listed Class of Units in the secondary market could only redeem at the prevailing market price (which may diverge from the corresponding NAV) and may have to exit the Sub-Fund at a significant discount. On the other hand, investors of the Listed Class of Units could sell their Units on the secondary market during the day thereby crystallising their positions while investors of the Unlisted Classes of Units could not do so in a timely manner until the end of the day.

#### 10. Tracking error risk

- The Sub-Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

#### 11. Termination risk

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking, or if the size of the Sub-Fund falls below HKD150 million. In case of termination of the Sub-Fund, the related costs will be borne by the Sub-Fund. The NAV may be adversely affected and Unitholders may suffer loss. Please refer to the section headed "Termination" of the Prospectus for details of events which may cause the Sub-Fund to be terminated.

#### How has the fund performed?

Since the Unlisted Class of Units of the Sub-Fund is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

#### Is there any guarantee?

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

#### What are the fees and charges?

##### Charges which may be payable by you

##### You may have to pay the following when dealing in the units of the Sub-Fund

##### Fees

##### Subscription fee

##### What you pay

**Class A Units / Class B Units:** Up to 3% of the subscription amount

**Class P Units:** Not applicable

##### Switching fee

Up to 1% of the total redemption proceeds for each Unit switched

##### Redemption fee

Not applicable

#### Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	<b>Annual rate (as a % NAV)</b>
<b>Management fee**</b> The Sub-Fund pays a management fee to the Manager.	Class A Units (RMB) / Class A Units (HKD) / Class A Units (USD): 0.15% per annum
	Class B Units (RMB) / Class B Units (HKD) / Class B Units (USD): 0.40% per annum
	Class P Units (RMB) / Class P Units (HKD) / Class P Units (USD): 0.13% per annum
<b>Trustee's fee</b> The Sub-Fund pays a trustee's fee to the Trustee.	Included in the Management fee
<b>Registrar fee</b>	Included in the Management fee

\* Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to unitholders. Please refer to the section headed "Fees and Expenses" of the Prospectus for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Sub-Fund.

# Where the Sub-Fund invests in funds which are managed by the Manager or its connected persons (the "underlying funds"), the Manager will procure that the underlying fund(s) will not charge any management fee in order to ensure no double-charging of management fees.

<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

### Other fees

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

### Additional information

You generally buy and redeem Units at the Sub-Fund's next-determined NAV after the Trustee receives your request in good order on or before 3:00 p.m. (Hong Kong time) being the dealing cut-off time for Unlisted Classes of Units. Different distributors may impose different dealing deadlines for receiving requests from investors. The valuation point is at approximately 7:30 p.m. (Hong Kong time) on the applicable valuation day (which coincides with each dealing day).

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at <https://www.chinaamc.com.hk> (this website has not been reviewed by the SFC) including:

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual and semi-annual financial reports (in English only);
- (c) any notices for material alterations or additions to the Prospectus or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and the Index, the notices of the suspension of the calculation of the NAV and changes in fees;
- (e) the last NAV per Unit of each Unlisted Class of Units in issue;



- (f) the full portfolio information of the Sub-Fund (updated on a daily basis);
- (g) the tracking difference and tracking error of the Sub-Fund; and
- (h) the proxy voting policy of the Manager.

The NAV of the Sub-Fund is calculated and the price of Unlisted Classes of Units published on each business day on the website <https://www.chinaamc.com.hk> (this website has not been reviewed by the SFC).

**Important**

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

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