ETF STRATEGY 16 June 2022

The Second Half: Ice is Melting

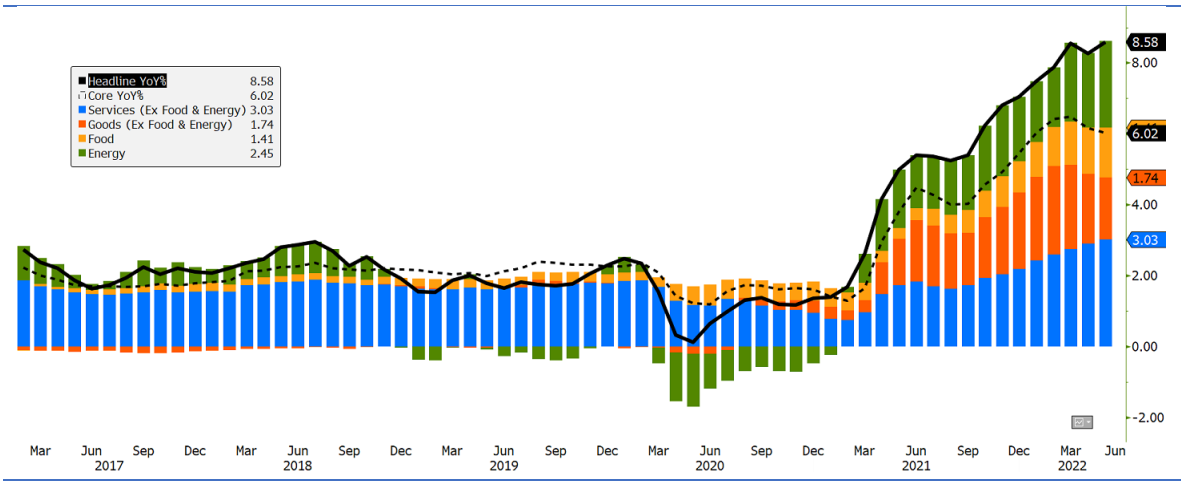
Takeaway

- With the easing of the epidemic control, the resumption of work and production, and the ongoing policy stimulus, the China's equity market rebounded significantly in May, with both A shares and Hong Kong stocks up.
- The divergence of policy cycles between China and US, EU is further widened, and the comparative advantage of China's equity market is highlighted. The Federal Reserve has accelerated rate hikes to combat soaring inflation, the European Central Bank is also set to start raising rates in July, while Chinese policymakers are firm on policy easing to stabilize economic growth.
- Leveraging on positive policy signal and market sentiment improvement, it is recommended to increase allocation to the technology sector in Hong Kong stocks. Meanwhile, we recommend allocate A-share assets that benefit from economic recovery and stimulus policies, such as consumer and solar photovoltaic sectors.

Macro Views

- **Inflation or recession? U.S. policymakers caught in a dilemma.**
  - **U.S. inflation remains at extremely high level, making it one of the biggest threats to economic growth.** Driven by soaring energy prices and grocery prices, U.S. inflation surged beyond expectations in May, with the CPI up 8.5% year-on-year, the highest since December 1981, and higher than the previous value and the expected 8.3%; core CPI rose 6% year-on-year, down from 6.2% in the previous month, but still higher than the expected 5.9%. If converted to the Fed's preferred measure of PCE inflation, on a 12-month basis, PCE inflation is around 6.6%, well above the Fed's 2022 forecast of 4.3%.

Year-on-year Growth of US Headline CPI and Core CPI



Source: Bloomberg, U.S. Bureau of Labor Statistics

  - **Under inflationary pressure, the market generally expects the Fed to adopt a more aggressive rate hike strategy this year.** At the June FOMC meeting, the Fed reiterated its high attention to inflation and its determination to fight inflation and announced the largest

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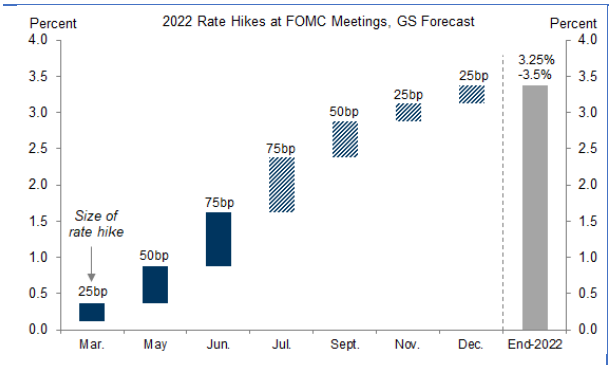
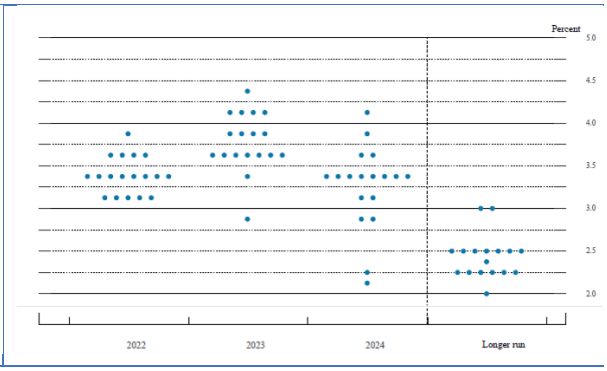
interest rate hike since 1994 by 75 basis points. Although the moves of this size will not be common, Fed Chairman Powell believes that either a 50 basis point or a 75 basis point increase seems most likely at the next meeting in July. Currently the market expects another 175 basis points of interest rate hikes to 3.25-3.5% by the end of 2022.

The Estimation of Fed Rate Hike Path in 2022



Source: Goldman Sachs. 2022/6/16

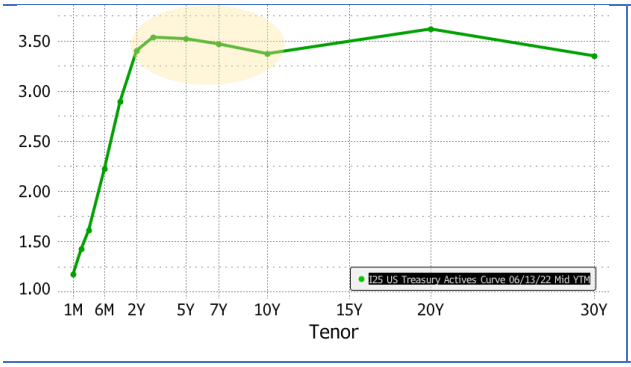
Fed's Dot Plot showed the interest rate will reach 3.25-3.5% in the end of 2022



Source: The Federal Reserve, 2022/6/15

- **But monetary tightening could reinforce recession expectations.** Under the "impossible triangle" of high interest rates, high inflation and high growth, adopting tightening policies to curb inflation will inevitably come at the expense of part of the economic growth. At the June FOMC meeting, the Federal Reserve lowered its economic growth forecast. The U.S. 10-year and 2-year yield spread, known as a classic indicator of recessions, inverted on Monday.

The U.S. Treasury yield curve inverted again



Source: Bloomberg, 2022/6/13
Note: the yellow shadow is the inverted part

Fed cuts economic growth forecast

Variable	Median[1]			
	2022	2023	2024	Longer run
Change in real GDP	1.7	1.7	1.9	1.8
March projection	2.8	2.2	2.0	1.8
Unemployment rate	3.7	3.9	4.1	4.0
March projection	3.5	3.5	3.6	4.0
PCE inflation	5.2	2.6	2.2	2.0
March projection	4.3	2.7	2.3	2.0
Core PCE inflation[4]	4.3	2.7	2.3	
March projection	4.1	2.6	2.3	
Memo: Projected appropriate policy path				
Federal funds rate	3.4	3.8	3.4	2.5
March projection	1.9	2.8	2.8	2.4

Source: The Federal Reserve, 2022/6/15

- **In addition, the Biden administration will also take actions to fight inflation**. According to Gallup poll, inflation has become the most concerned economic issue for voters, and the economic confidence index is still in the negative range. The Biden administration is also taking or considering various measures to combat high inflation, such as announcing the release of oil from the Strategic Petroleum Reserve (SPR) at the end of March, considering removing or reducing tariffs on China, increasing domestic food supply to combat elevated food prices. However, from the perspective of the Biden administration, the measures it can take cannot cool down inflation in the short term as it will take time to be effective, but it may help the Democratic Party's midterm elections.

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【China】

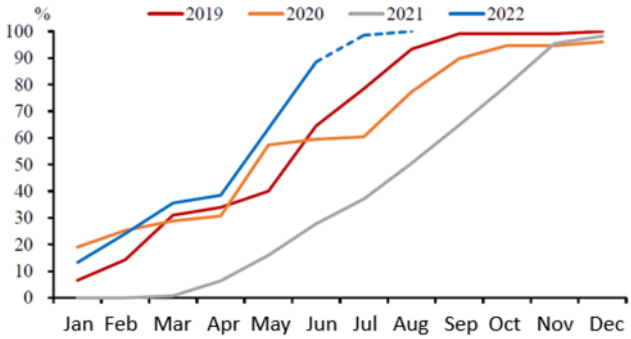
- **In April, the fiscal revenue in China dropped sharply by over 40%, but the follow-up fiscal stimulus arrangements are more worthy of attention and may become an important driver for the recovery of economic growth in the second half of the year**. In April, fiscal revenue was dragged down by the decreasing growth rate of tax revenue, with the growth rate dropping by more than 40%. Local fiscal revenue in many first-tier cities such as Shenzhen and Shanghai dropped by more than 40%. The reasons are that 1) the epidemic resurged since the end of March, and many cities locked down, leading to the pause of economic activities. 2) the introduction of the tax reduction policies mitigated the cash flow pressure of corporations but also reduced the tax revenue for the government. The economic dilemma cannot be ignored, but we can pay more attention to the future fiscal stimulus in the future. We expect that the issuance and implementation of special bonds will be accelerated, tax reduction and fee reduction will continue, and strengthening of infrastructure investment are the main ways to implement fiscal relief and stimulus.

The Framework of Fiscal Stimulus Plan

Category	Measure
Revenue policy	Tax reduction: On the basis of the 2.5 trillion tax reduction for the whole year this year, the value-added tax credit and tax refund will increase by another 140 billion yuan
	Fee reduction: Expand the implementation of the policy of deferred payment of social security premiums, and deferred payment of 320 billion yuan throughout the year
Spending policy	Support expansion of investment: continue to support the construction of water conservancy, transportation, renovation of old communities and other projects
	Special bonds: Continue to accelerate the issuance of special bonds, which will be basically used by the end of August
Structured policy	Government financing guarantee, government procurement, etc.

Source: Ministry of Finance of China, CSC

The Issuance Progress of Special Bonds



Source: Wind, Cinda Securities. The dotted line is the forecast progress.

- **The pandemic control measures have been eased, and the temporary impact of the epidemic is expected to gradually subside**. As the pandemic became under control in May, the freight and logistics situation in various cities gradually improved. The resumption of work and production is proceeding in an orderly manner. Although the manufacturing PMI is still in the contraction range, it rebounded in May. It is believed that with the easing of lockdown and control, the economy regains its growth momentum, and post-epidemic recovery has gradually become a new investment theme.

The number of cities under lockdown has decreased

The fright and logistics situations improved

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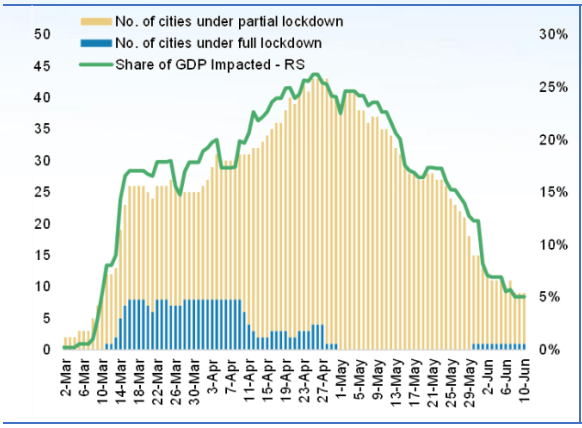
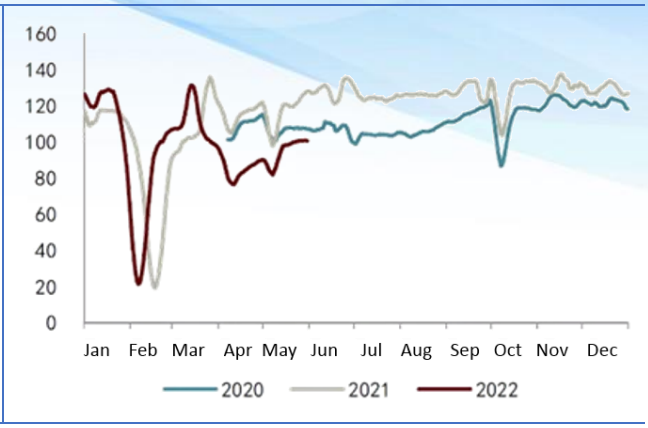
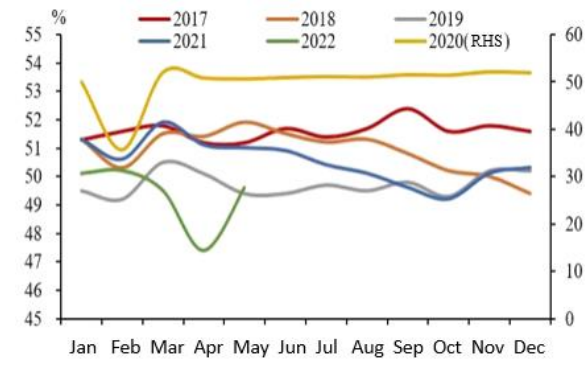


Source: Morgan Stanley



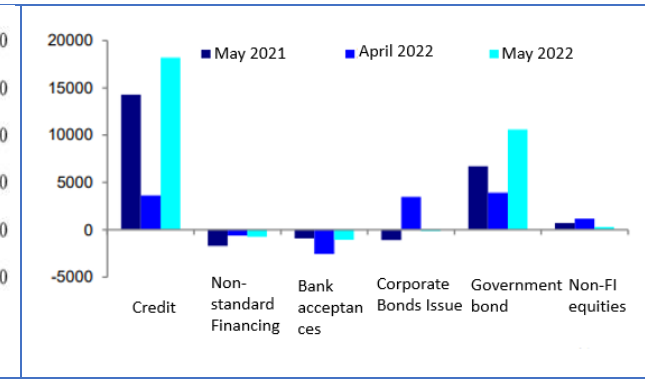
Source: Wind, CICC

Manufacturing PMI in May recovered to 49.6%



Source: Wind, Cinda Securities.

The credit demand increased driven by policy stimulus, but the structure has room to improve



Source: Wind, Haitong Securities

- **Regulatory concerns may have faded away.** Since the turning signal of the regulatory policy in April, recent high-level meetings have frequently raised support for the sustainable and healthy development of the platform economy, and the regulatory concerns over Internet platforms have gradually subsided.

Date	Event
2022/4/ 11	the China's National Press and Publication Administration resumed the approval of online games for the first time in eight months.
2022/4/25	Xinhuanet Research Institute released the 2022 report on the social value of digital RMB, pointing out that Meituan, JD.com, Tmall Taobao and other life service Internet platforms have been amplifying the value of digital RMB to boost consumption, showing recognition for platform economy.
2022/4/26	The People's Bank of China delivered an important speech on the platform economy, emphasizing that in accordance with the principles of marketization, legalization, and internationalization, the rectification work of large platform companies will be steadily promoted and completed as soon as possible to advance the healthy development of the platform economy.
2022/4/28	The Shenzhen Government announced that it would distribute 500 million yuan of consumer coupons to citizens through Meituan and JD.com, which also showed the official recognition of the platform economy.
2022/4/29	The Politburo meeting on April 29, vowed for promoting healthy development of platform economy, completing the special rectification of platform companies, brining supervision on platform economy back to normal and introducing specific measure to support the healthy development of platform economy
2022/5/5	Premier Li Keqiang convened an executive meeting of the State Council, proposing to introduce specific measures to support the orderly and healthy development of the platform economy as soon as possible.
2022/5/17	The National Committee of the Chinese People's Political Consultative Conference held a special meeting on "Promoting the Sustainable and Healthy Development of the Digital Economy". Vice Premier Liu He of the State Council said that he supports the sustainable and healthy development of the private sector

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	and the platform economy, and properly handles the relationship between the government and the market; supports digital platform6s to list in domestic and foreign capital markets, and promotes competition through openness, to promote innovation through competition.
2022/6/7	The National Press and Publication Administration said on Tuesday it has approved 60 new games, following the year's first batch of approvals in April.
2022/6/8	China is concluding a yearlong probe into ride-hailing giant Didi Global and preparing to lift a ban on adding new users, the Wall Street Journal reported. On the evening of May 23, Didi announced that it would delist from the New York Stock Exchange and may seek to list in Hong Kong afterward.
2022/6/15	Chinese president Xi Jinping outlined big role for private capital, saying that "China's private economy can only grow rather than weaken, and it not only cannot leave the market, but also move to a broader stage", and said that "the implementation of various policies and measures to encourage, guide and support the development of the private economy will provide a fair, transparent, and ruled by law development environment for all types of companies."

Source: Internet public resources, CSOP

Allocation Views

【ETF Views】

Asset Class		Views	ETF Recommendation
Bond	**Government Bonds**	Increasing inflation expectations push Fed to accelerate monetary tightening and the treasury yields are still rising. We maintain "underweight" rating on U.S. Treasury bonds. We maintain our neutral-to-positive rating on China's rate bonds. ▪ **The RMB exchange risk has been mitigated**. Affected by external shocks and internal economic downward pressure, the RMB experienced a large depreciation from April to early May, and then the RMB exchange rate entered a volatile range. Based on the economic recovery in the second half of the year, the current account surplus and the central bank's policy intervention, the RMB exchange rate will gradually stabilize. ▪ **More easing policies will be introduced**. Under the downward pressure on the economy, more easing and stimulus policies will be introduced at an early pace, while maintaining a neutral monetary policy and a positive fiscal policy. In terms of monetary policy, it is not ruled out that there will be follow-up RRR cuts and structural policies to maintain stable and moderate financing costs, reasonable and sufficient liquidity, and support bond prices. But everything depends on the process of economic recovery, and market liquidity may be relatively volatile. ▪ **But the pace of economic recovery may be slow, and the rate bonds is expected to perform in the short term.** Growth may rebound in the second half of the year, but probably not as fast as in the first half of 2020. As such, there is still downside room for government bonds, and the price of onshore Chinese rate bonds will be supported in the near term	**ICBC CSOP FTSE Chinese Government and Policy Bank Bond Index ETF (3199.HK)**
	Credit	Due to high valuations and liquidity tightening expectations, we remain underweight credit bonds and prefer equities as the source of growth.	-
Equity	**A-share**	With the epidemic under control, the slowdown of lockdown, accelerated policy stimulus, improved economic expectations, significantly warmer market sentiment, and increased market turnover, the market rebounded in May and the growth style returned. ▪ "Post-pandemic recovery" has become the investment theme in the market. **We are optimistic about the consumers and cyclical sectors benefiting from economic recovery** and maintain our recommendation on CSOP FTSE China A50 ETF and CSOP MSCI China A 50 Connect ETF. ▪ Recommend allocating the growth-style sectors, such as solar photovoltaic and semiconductor sectors. Growth styles are expected to perform better as economic growth gets back on track.	**CSOP FTSE China A50 ETF (2822.HK)** **CSOP MSCI China A 50 Connect ETF (3003.HK)** **CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF (3134.HK)**

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	HK stocks	Hong Kong stocks performed well as China's economy recovered, regulatory anxiety subsided, and foreign investors re-entered the market. Hong Kong technology stocks priced in too many pessimistic expectations previously, and its valuation fell to a historical low. Now, under multiple positive signals, the valuation of Hong Kong stocks will continue to be repaired. We maintain our recommendation to invest in CSOP Hang Seng TECH Index ETF. ▪ **Regulatory concerns may have faded away**. After confirming the bottom signal of the policy in April, positive news was frequently reported at high-level meetings in May, promoting the healthy development of the platform economy and recognizing the important position of the private economy in China, and the regulatory pressure may have subsided. ▪ **Investor sentiment keeps recovering**. The market has entered a historical low range with limited downside space currently. The stock prices always reacted positively to the policy support and can quickly digested negative news. Besides, a number of investment banks raised the ratings and target prices of Hong Kong technology stocks, which also helped to boost sentiment. ▪ **The trading activities are active and showed some optimistic signal based on technical analysis**. The turnover of CSOP Hang Seng TECH Index ETF has risen since the end of May, hitting its record highs in daily turnover and became the most actively traded ETF in Hong Kong, showing market's increasing interest in it.	**CSOP Hang Seng TECH Index ETF (3033.HK)**
	US stocks	**We maintain a neutral view on US stocks.** Elevated inflation, monetary tightening cycle, and rising recession expectations have added pressure to the U.S. stock market. Even though some sectors remain strong in earnings performance such as cloud computing sector, the macro factors such as monetary policies and geopolitical risks dominated the market. We expect there is still the correction room for US stock market, and it may keep volatile.	**CSOP Global Cloud Computing Technology Index ETF (3194.HK)** **CSOP Metaverse Concept ETF (3034.HK)**
Commodity	**Crude Oil**	Affected by the Russia-Ukraine conflict and the sanctions imposed by the European Union on Russian oil, crude oil fluctuated at the high level in May. Geopolitical conflicts and tight supply and demand may keep crude oil prices high and volatile.	-
	Gold	Elevated inflation, the ongoing conflict between Russia and Ukraine, and the rising risk of economic recession continue to support gold, but the strong U.S. dollar index and increasing real interest rates may bring downward pressure on gold prices. We return to neutral view on gold.	-

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

Green	>	Grey	>	Red
Overweight		Neutral		Underweight

"←""→" refer to the "downgrade" and "upgrade" based on the last view

The Monthly Performance and Fund Flows of CSOP ETFs

Catergory	Codes	ETF Names	Fund Flow (HKD Mn)	ADT (Thousand)	Total NAV Return
Money Market	3053.HK	CSOP Hong Kong Dollar Money Market ETF	-19.70	1,035,400.00	0.04%
	9096.HK	CSOP US Dollar Money Market ETF	-18.56	-	0.06%
	3122.HK	CSOP RMB Money Market ETF	-11.21	24,978.25	-0.39%
Fixed Income	3199.HK	ICBC CSOP FTSE Chinese Government and Policy Bank Bond Index ETF	-21.64	252,604.53	-0.04%
A-shares	2822.HK	CSOP FTSE China A50 ETF	161.01	132,829,835.00	-0.09%
	3149.HK	CSOP MSCI China A Inclusion Index ETF	0.00	#N/A N/A	2.33%
	3005.HK	CSOP CSI 500 ETF	0.00	267,804.91	6.57%
	3147.HK	CSOP SZSE ChiNext ETF	8.84	2,556,376.00	3.01%
	3109.HK	CSOP STAR 50 Index ETF	0.00	399,686.82	9.21%

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	3003.HK	CSOP MSCI China A 50 Connect ETF	-100.84	3,287,427.83	N/A
HK Stocks	3033.HK	CSOP Hang Seng TECH Index ETF	1471.57	1,397,887,370.00	0.51%
	3037.HK	CSOP Hang Seng Index ETF	0.00	767,485.14	1.60%
Thematic	3167.HK	ICBC CSOP S&P NEW CHINA SECTORS ETF	0.00	32,058.35	0.98%
	3193.HK#	CSOP Yinhua CSI 5G Communications Theme ETF#	0.00	22,718.89	7.33%
	3194.HK	CSOP Global Cloud Computing Technology Index ETF	0.00	60,735.53	-5.11%
	3134.HK ^	CSOP Huatai-PineBridge CSI Photovoltaic Industry ETF^	0.00	1,114,004.93	17.67%
	3174.HK	CSOP China Healthcare Disruption Index ETF	-11.96	114,097.45	-4.19%
	3162.HK	CSOP Global Smart Driving Index ETF	-10.67	94,840.10	1.44%
	3034.HK	CSOP Metaverse Concept ETF	1.75	275,236.37	N/A

Source: Bloomberg. 2022/5/1-2022/5/31

#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

If the listing history of a product is less than 6 months, the return will be shown as "N/A"

【L&I Views】

With China's economic growth expectations and market sentiment improving, China's equity market has seen the opportunities for rebound, but unresolved uncertainties bring the risks of market correction. Recommend leveraged and inverse products of Hong Kong stocks and A-share to maintain flexibility. In addition, monetary tightening continue to pose the pressure on the valuation correction of the US technology stocks despite good earnings performance, so CSOP NASDAQ-100 Index Daily (-2x) Inverse Product (7568.HK) could be an appropriate hedging tool.

The AH premium level remains high, and the Hang Seng Stock Connect China AH Premium Index was 137.417on May 31, 2022. 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 CSOP CSI 300 Index Daily (-1x) Inverse Product (7333.HK) and CSOP Hang Seng Index Daily (2x) Leveraged Product (7200.HK) (short CSI 300 vs long HSI)**.

The Fund Flows and Average Daily Turnover (ADT) of Leveraged & Inverse Products (Million HKD)

Class	Code	L&I Product Name	In/Out	ADT
A Shares	7233.HK	CSOP CSI 300 Index Daily (2x) Leveraged Product	0.00	10.06
	7333.HK	CSOP CSI 300 Index Daily (-1x) Inverse Product	-43.73	6.34
	7248.HK	CSOP FTSE China A50 Index Daily (2x) Leveraged Product	-3.06	2.28
	7348.HK	CSOP FTSE China A50 Index Daily (-1x) Inverse Product	-22.81	0.10
HK Stocks	7200.HK	CSOP Hang Seng Index Daily (2x) Leveraged Product	-129.30	402.80
	7300.HK	CSOP Hang Seng Index Daily (-1x) Inverse Product	-51.26	22.87
	7500.HK	CSOP Hang Seng Index Daily (-2x) Inverse Product	164.57	388.77
	7288.HK	CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product	14.54	16.08
	7588.HK	CSOP Hang Seng China Enterprises Index Daily (-2x) Inverse Product	0.00	4.96
	7226.HK	CSOP Hang Seng TECH Index Daily (2x) Leveraged Product	334.09	565.79
	7552.HK	CSOP Hang Seng TECH Index Daily (-2x) Inverse Product	-35.09	648.81
US Stocks	7568.HK	CSOP NASDAQ-100 Index Daily (-2x) Inverse Product	-812.56	114.18
	7266.HK	CSOP NASDAQ-100 Index Daily (2x) Leveraged Product	52.49	9.89

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Commodities	7299.HK	CSOP Gold Futures Daily (2x) Leveraged Product^	49.50	14.57
	7374.HK	CSOP Gold Futures Daily (-1x) Inverse Product	0.00	0.11
	7345.HK	CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product#	9.28	1.44

Source: Bloomberg, 2022/5/1-2022/5/31. Green-Capital Inflow, Red-Capital Outflow, Grey- No Capital 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.

* 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.

#The investment objective of the CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product (the "Product") is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of Solactive WTI 1-Day Rolling Futures Index (the "Index"). The Index consists of only WTI Futures Contracts whose price movements may deviate significantly from the WTI crude oil spot price. The Product does not seek to deliver an inverse return of WTI crude oil spot price.

Market Overview

In May, US equities and Chinese equities diverged, with Hong Kong stocks and A shares recovering while US stocks weak.

- Affected by positive factors such as policy support and lockdown easing, the A-share market rebounded across nearly all sectors in May, especially the automobiles and photovoltaics. In addition, the northbound fund inflows accelerated, with the net fund inflow through stock connect in May reaching a new high since 2022. The FTSE China A50 Index rose 0.60%, the CSI 500 Index rose 7.46%, the ChiNext Index rose 3.86%, and the STAR 50 Index rose 9.41%.
- Hong Kong stock market continued its uptrend, with the Hang Seng Index up 2.13% and the Hang Seng TECH Index up 0.60% in May.
- US stock market was in a technical bear market in May, with technology stocks declining. The Nasdaq 100 fell 1.57%, while the S&P 500 recovered earlier losses at the end of the month to end the month up 0.13%.
- After falling sharply in early May, RMB turned volatile in late May. In the first ten days of May, the onshore RMB/USD exchange rate dropped sharply from 6.6085 on April 29 to 6.7892 on May 13, and then gradually stabilized into range bound. On May 31, the CNY exchange rate was 6.6718.

Monthly Return (%)

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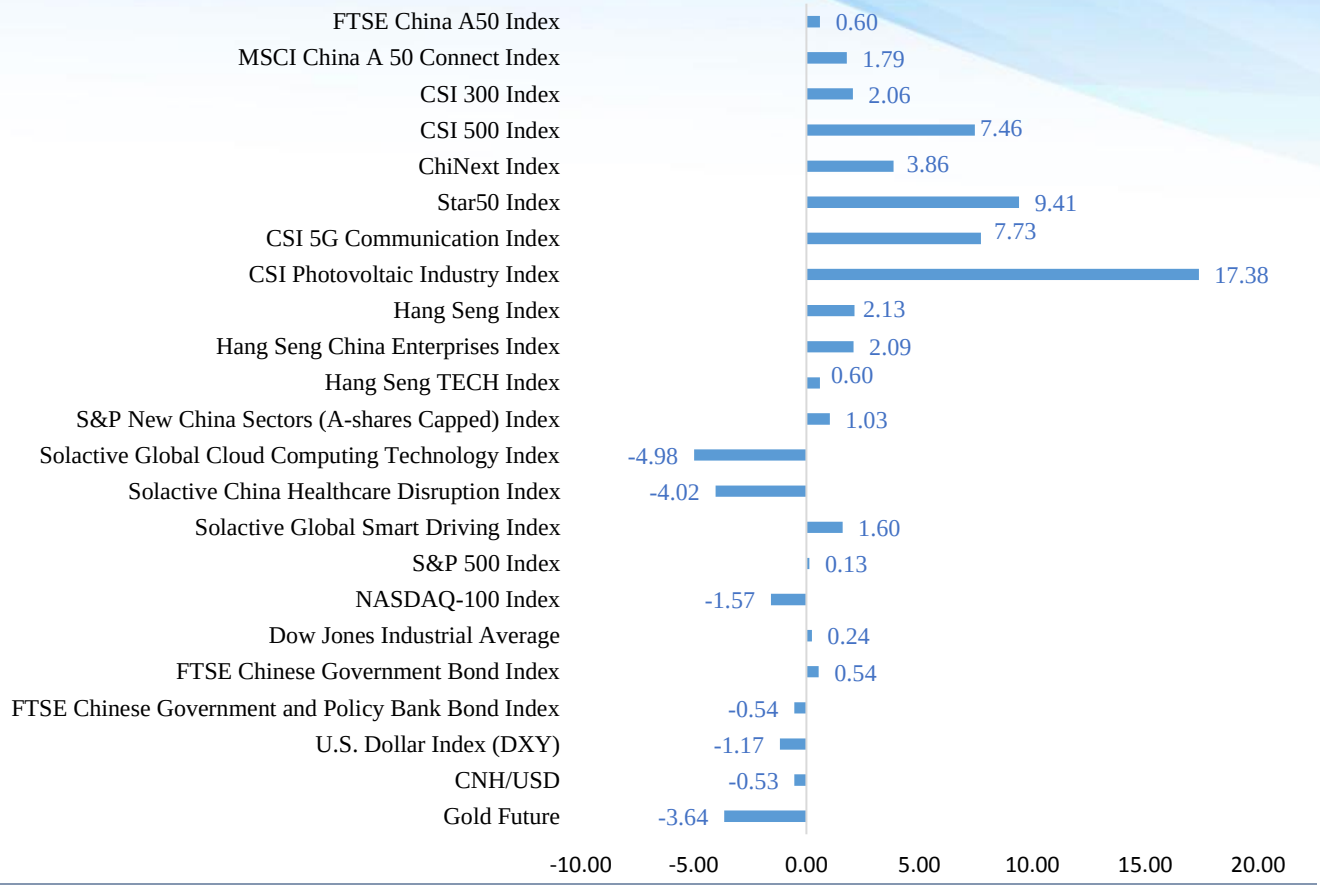
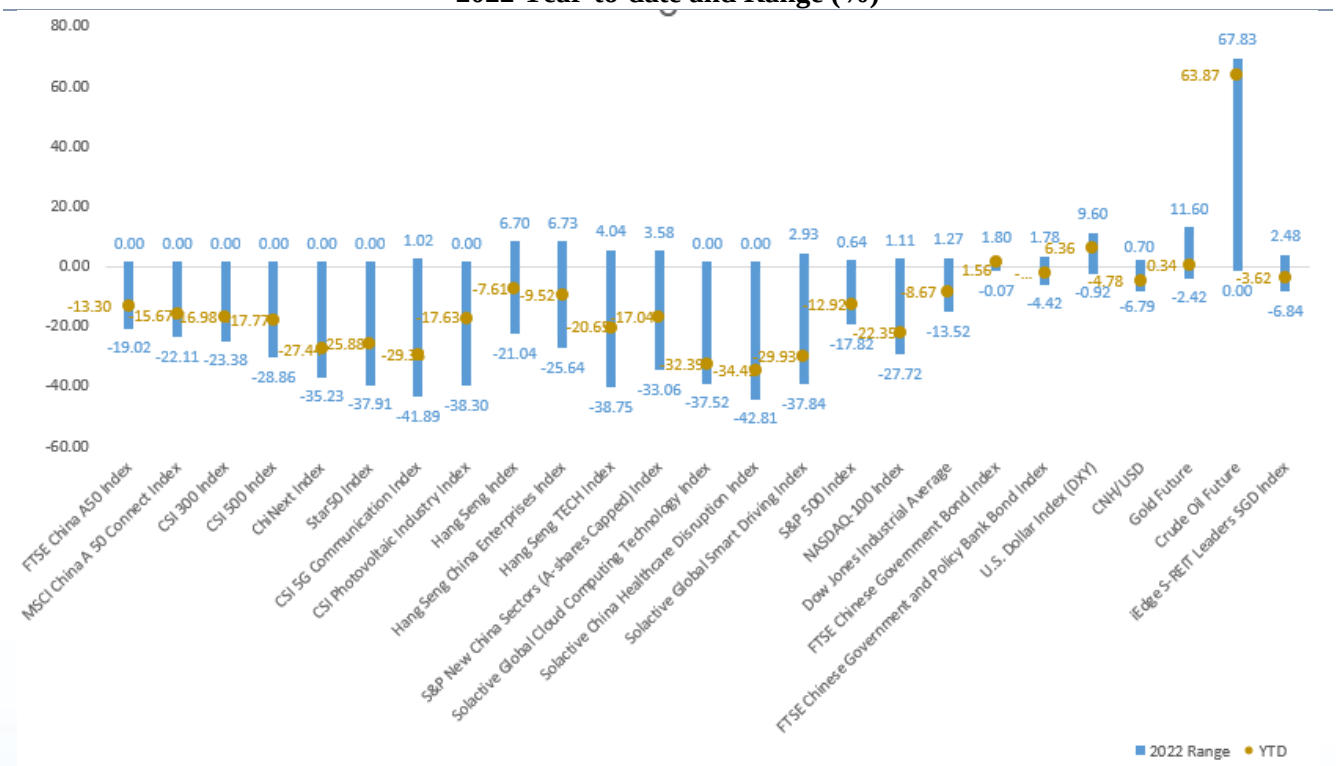


Source: Bloomberg, monthly return: 2022/4/29-2022/5/31

2022 Year-to-date and Range (%)



Source: Bloomberg, as of 2022/5/31. 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. CSI 5G Communication Index and CSI Photovoltaic Industry Index are price

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indexes. Gold future refers to the excess return index of Solactive Gold 1-Day Rolling Futures Index. Crude oil future refers to the excess return index of Solactive WTI 1-Day Rolling Futures Index. ChiNext Index, FTSE Chinese Government Bond Index, Bloomberg Barclays China Treasury + Policy Bank Index are the total return indexes. The remaining are net total return indexes.

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Important Information

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

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

ICBC CSOP FTSE Chinese Government and Policy Bank Bond Index ETF

- ICBC CSOP FTSE Chinese Government and 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 " Chinese Government 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.
- It should be noted that RMB is not a freely convertible currency as it is subject to foreign exchange control policies of the PRC mainland government.
- Any devaluation of the RMB could adversely affect the value of investors' investments in the Sub-Fund. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB.
- The market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to different factors, such as market liquidity, supply and demand in each counter and the exchange rate between the RMB and the HKD (in both the onshore and the offshore markets). As such investors may pay more or receive less when buying or selling Units traded in HKD on the SEHK than in respect of Units traded in RMB and vice versa.

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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.

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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 (swap-based 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 (futures and swap-based product or futures-based 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 (futures-based 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.

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- 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 and CSOP Gold Futures Daily (-1x) Inverse Product ("Product")

- The Product is a futures and swap based product with an objective to provide investment results that, before fees and expenses, closely correspond to twice (2x) and inverse (-1x) of the Daily performance of the Solactive Gold 1-Day Rolling Futures Index (the "Index").
- 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 or an inverse return of gold spot price.
- 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 (e.g. the loss may be more than twice the fall in the Index) or inverse performance (e.g. the loss may be more than -1 times the increase in the Index) of the Index over that same period.
- 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 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.
- 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.

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 (swap-based product) 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 (swap-based product) 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

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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.
- 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

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

CSOP WTI Crude Oil Futures Daily (-1x) Inverse Product (the "Product")
Solactive WTI 1-Day Rolling Futures Index (the "Index") consists of only WTI Futures Contracts whose price movements may deviate significantly from the WTI crude oil spot price. The Product does not seek to deliver an inverse return of WTI crude oil spot price.

- The Product is a futures and swap-based product investing directly in WTI Futures Contracts. It is one of the first leveraged and inverse products tracking a crude oil futures index. The novelty of such a product makes the Product riskier than traditional exchange traded funds investing in equity securities or non-leveraged / inverse futures or swaps funds.
- 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 (e.g. the loss may be more than -1 time the increase in the Index).
- 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 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 MSCI China A 50 Connect ETF

- The investment objective of the CSOP MSCI China A 50 Connect ETF (the "Sub-Fund") is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the MSCI China A 50 Connect Index (the "Index"). 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.
- The Index is subject to concentration risk as a result of tracking the performance of securities incorporated in, or with the majority of revenue derived from, or with a principal place of business in the PRC mainland. The Sub-Fund's investments are concentrated in a single country (i.e. the PRC mainland). As such, the Sub-Fund may be subject to greater volatility than broad-based funds, such as a global or regional fund, as the Index is more susceptible to fluctuations in value resulting from adverse conditions in the PRC mainland.
- 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.

CSOP Metaverse Concept ETF

- The CSOP Metaverse Concept ETF (the "Sub-Fund") is a sub-fund of the CSOP ETF Series OFC (the "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 an actively managed exchange traded fund authorised under Chapter 8.10 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 not principal guaranteed and your investments may suffer losses. There is no assurance that the Sub-Fund will achieve its investment objective.
- The Sub-Fund employs an actively managed investment strategy. The Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager. It may fail to meet its objective as a result of the Manager's selection of investments, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other index tracking funds with a similar objective.
- The Metaverse is a new concept. Some aspects of the Metaverse may be based on untested technologies. The risks that the Metaverse may present to companies involved in the Metaverse Business (as elaborated below) may not emerge until the technologies are more widely used. The Metaverse may expose certain companies involved in the Metaverse Business to fraud. Future regulatory developments could also affect the viability of the Metaverse and the business prospects of the companies involved in the Metaverse Business. The values of the companies involved in the Metaverse Business may not be a direct reflection of their connection to the Metaverse, and may be based on other business operations. The Metaverse may never exist on a scale that provides identifiable economic benefit to many or all of the companies involved in the Metaverse Business.

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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