

## Product Key Facts

### iShares Core MSCI Asia ex Japan ETF

**BlackRock Asset Management North Asia Limited**

**30 April 2021**

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|---|---|
| <p><i><b>This is a passive exchange traded fund.</b></i></p> <p><i><b>This statement provides you with key information about this product.</b></i></p> <p><i><b>This statement is a part of the Prospectus.</b></i></p> <p><i><b>You should not invest in this product based on this statement alone.</b></i></p> |   |
| <b>Quick facts</b>  |   |
| <b>Stock code:</b>  | 03010 HKD counter      83010 RMB counter      09010 USD counter   |
| <b>Trading lot size:</b>  | 100 units (for HKD, USD and RMB counters)   |
| <b>Manager:</b>   | BlackRock Asset Management North Asia Limited   |
| <b>Trustee and Custodian:</b>   | HSBC Institutional Trust Services (Asia) Limited  |
| <b>Ongoing charges over a year<sup>#</sup>:</b>   | 0.28%   |
| <b>Tracking difference of the last calendar year<sup>##</sup>:</b>  | -0.53%  |
| <b>Underlying Index:</b>  | MSCI All Country Asia ex Japan Index  |
| <b>Base currency:</b>   | US dollars (USD)  |
| <b>Trading currency:</b>  | HKD, USD, RMB   |
| <b>Financial year end of this fund:</b>   | 31 December   |
| <b>Dividend policy:</b>   | Annually, at Manager's discretion (usually in November/December each year) (if any). Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion. All units will receive distributions in the base currency (USD) only. Please refer to the risk factor "Dividends payable out of capital or effectively out of capital risk" on pages 5 to 6 below. |
| <b>ETF website:</b>   | <a href="http://www.blackrock.com/hk">www.blackrock.com/hk</a> (Please refer to the section Additional Information on how to access the product webpage)  |

<sup>#</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2020 (calculated in HKD). This figure represents the sum of the ongoing expenses chargeable to the Asia ex Japan ETF expressed as a percentage of the average Net Asset Value.

<sup>##</sup> This is the actual tracking difference of the calendar year ended 31 December 2020 (calculated in USD). Investors should refer to the website of the Asia ex Japan ETF for more up-to-date information on actual tracking difference.

## What is this product?

This is a fund constituted in the form of a unit trust. The units of the iShares Core MSCI Asia ex Japan ETF (the “**Asia ex Japan ETF**”) are listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”). These units are traded on SEHK like listed stocks.

## Objective and Investment Strategy

### Objective

The Asia ex Japan ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI All Country Asia ex Japan Index (the “**Underlying Index**”).

### Investment Strategy

The Asia ex Japan ETF adopts a representative sampling investment strategy to achieve its investment objective. A representative sampling investment strategy involves investing in a representative sample of the securities in the Underlying Index (either directly or indirectly) selected by the Manager. The Manager may switch between the representative sampling and the replication investment strategies without notice to investors and in its absolute discretion. A replication investment strategy involves investing in substantially all the securities (either directly or indirectly) in substantially the same weightings as those securities comprised in the Underlying Index.

The Asia ex Japan ETF invests primarily in securities<sup>1</sup> included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the Asia ex Japan ETF achieve its investment objective.

The Asia ex Japan ETF obtains exposure to the India constituents in the Underlying Index (“**Indian Constituents**”) by (i) investing directly in India-listed securities as a Foreign Portfolio Investor registered with the Securities and Exchange Board of India; and/ or (ii) other ETFs tracking indices which are highly correlated with the India portion of the Underlying Index (“**Underlying Indian ETFs**”)<sup>2</sup>. There is no guarantee as to the performance of Underlying Indian ETFs, or correlation of their respective future performance to that of the Indian Constituents.

The Manager seeks to invest the Asia ex Japan ETF in India-listed securities and Underlying Indian ETFs in such combined weighting (as a percentage of the NAV of the Asia ex Japan ETF) corresponding to the weighting of the Indian Constituents (as a percentage of the market capitalisation of the Underlying Index) at the relevant time.

In addition to the Underlying Indian ETFs, the Manager may also invest in other ETF(s) for cash management and contingency purposes. The Asia ex Japan ETF may invest up to 10% of its NAV in one or more underlying ETFs which are non-eligible schemes or not authorised by the SFC and up to 30% of its NAV in each underlying ETF which are eligible schemes or authorised by the SFC, including those which are managed by the Manager or its Connected Persons or other third parties. The Manager intends to treat such underlying ETFs as collective investment schemes for the purposes of and subject to the requirements in Chapters 7.11, 7.11A and 7.11B of the Code.

<sup>1</sup> Including (i) Depositary Receipts and (ii) effective from 1 June 2018, A Shares (by investing via the Stock Connect).

<sup>2</sup> Where Underlying Indian ETFs are used to obtain exposure to Indian Constituents, the Manager currently intends to only invest in any one or combination of: (a) the iShares MSCI India Index ETF (listed in Singapore); (b) the iShares MSCI India ETF (listed in the United States); (c) iShares India 50 ETF (listed in the United States); and (d) iShares Core S&P BSE Sensex India ETF (listed in Hong Kong). The iShares MSCI India Index ETF, iShares MSCI India ETF and iShares India 50 ETF are not authorised by the SFC and not available to Hong Kong residents.

The Asia ex Japan ETF may invest in financial derivative instruments (“**FDIs**”) for reducing tracking error, hedging purposes or to achieve its investment objective. The Asia ex Japan ETF currently does not intend to engage in any securities financing transactions or other similar over the counter transactions. One month’s prior notice will be given to unitholders in the event the Manager intends to engage in such transactions.

### **Underlying Index**

The Underlying Index is a free-float adjusted market capitalisation-weighted index that is compiled and published by MSCI Inc. It is designed to capture the large and mid cap representation across two of three developed markets countries (excluding Japan) and nine emerging markets countries in Asia. The Underlying Index was launched on 1 January 2001. It is denominated in US dollars. As of 31 March 2021, there were 1182 index constituents and the market capitalization was US\$7,163.36 billion. The Asia ex Japan ETF tracks the total return version of the Underlying Index, net of dividend withholding tax.

The Manager (or its Connected Persons) is independent of MSCI Inc.

The Bloomberg ticker of the Underlying Index is NDUECAXJ.

For details (including the last closing index level, and other important news), please refer to the index website at [www.msci.com](http://www.msci.com). The constituents of the Underlying Index together with their respective weightings can be accessed on [www.msci.com/constituents](http://www.msci.com/constituents) (this website has not been reviewed by the SFC).

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

The Asia ex Japan ETF’s net derivative exposure may be up to 50% of the Asia ex Japan ETF’s NAV.

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

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

#### **1. Emerging market risk**

- The Asia ex Japan ETF invests in nine emerging market countries in Asia. Generally, investments in emerging markets such as Asian stock markets are subject to a greater risk of loss than investments in developed markets due to greater political, economic, taxation and regulatory uncertainty and risks linked to volatility and market liquidity.
- Many Asian stock markets are not as developed or efficient. Trading volumes are usually lower and commissions for trades and custody expenses are generally higher.
- Emerging market regions are also subject to special risks including exchange rate fluctuations and exchange control, imposition of restrictions on the expatriation of funds or other assets, higher transaction and custody costs, settlement delays, governmental interference and smaller market capitalisation.

#### **2. Mid-capitalisation companies risk**

The Asia ex Japan ETF invests in stocks of large to mid-capitalisation companies. Stocks of mid-capitalisation companies may have lower liquidity and typically higher volatility compared to stocks of larger capitalisation companies. These companies generally have less diverse product lines than large-capitalisation companies and thus are more susceptible to adverse developments concerning their products.

**3. Risk related to restrictions on foreign investors**

Asian stock exchanges may require prior governmental approvals or impose limits on the amount or types of securities or companies in which foreigners may invest. These restrictions may limit the Asia ex Japan ETF's investment in certain countries, increase its costs and impact its ability to accurately match the Underlying Index.

**4. Investment in ETFs risk**

- The Asia ex Japan ETF may invest in Underlying Indian ETFs in order to track the performance of Indian Constituents, and in other ETF(s) for cash management and contingency purposes. Conflicts of interest may arise if the Manager also acts as manager of any other ETF invested in by the Asia ex Japan ETF. The Manager will have regard to its obligations to the Asia ex Japan ETF and Unitholders and will endeavour to resolve such conflicts fairly. Fees and costs charged in respect of ETFs which are not managed by the Manager or its affiliates will be borne by the Asia ex Japan ETF.
- There is no guarantee that these ETFs will achieve their respective investment objectives and any tracking error of these ETFs will also contribute to the tracking error of the Asia ex Japan ETF. Further, although the Manager will only invest in ETFs that track indices that have a high correlation with the Underlying Index (or a certain sector or portion of it), the difference of the underlying constituents between the indices tracked by the relevant ETFs and the Underlying Index may also contribute to tracking error. There is no guarantee as to the performance of the Underlying Indian ETFs or any other ETFs in which the Asia ex Japan ETF may invest, or as to correlation of their future performance to that of the whole or part of the Underlying Index.

**5. Risks associated with investment in FDIs**

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Asia ex Japan ETF. Exposure to FDI may lead to a high risk of significant loss by the Asia ex Japan ETF.

**6. Concentration risk**

The exposure of the Asia ex Japan ETF is concentrated in the Asian market and may be more volatile than funds adopting a more diversified strategy.

**7. Foreign security and exchange risk**

The Asia ex Japan ETF may invest in securities of non-Hong Kong companies which are subject to special risks not typically associated with investing in Hong Kong companies including differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which may affect local investments in foreign countries and potential restrictions on the flow of international capital. Any fluctuations between the local currency and the Hong Kong dollar may affect the net asset value of the Asia ex Japan ETF.

**8. Foreign exchange risk & RMB currency and conversion risk**

- The Asia ex Japan ETF's base currency is in USD but has units traded in HKD and RMB (in addition to USD). Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the base currency and the HKD or RMB trading currency when trading units in the secondary market.
- Furthermore, RMB is currently not freely convertible and is subject to exchange controls and restrictions. Investors in the secondary market who buy and sell units traded in RMB are exposed to foreign exchange currency risks arising from the fluctuations between the base currency (i.e. USD) and RMB.

**9. Passive investment risk**

The Asia ex Japan ETF is not actively managed and will not adopt any temporary defensive position against any market downturn. Therefore when there is a decline in the Underlying Index, the Asia ex Japan ETF will also decrease in value. Investors may suffer significant losses accordingly.

**10. Underlying Index related risks**

There is no guarantee that the Asia ex Japan ETF will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Asia ex Japan ETF's ability to adjust its exposure to the required levels in order to track the Underlying Index. Errors in index data may occur from time to time and may not be identified and corrected for a period of time, and may have an adverse impact on the Asia ex Japan ETF and its Unitholders.

**11. Tracking error risk**

Changes in the NAV of the Asia ex Japan ETF may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as, changes to the Underlying Index. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

**12. Multi-counter risks**

If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services by brokers and CCASS participants, Unitholders will only be able to trade their units in one counter only, which may inhibit or delay an investor dealing. The market price of units traded in each counter may deviate significantly. As such, investors may pay more or receive less when buying or selling units traded in one counter on the SEHK than in respect of units traded in another counter.

**13. Reliance on market maker risks**

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the units traded in each counter and that at least one market maker to each counter gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the units on any counter. There is also no guarantee that any market making activity will be effective.
- There may be less interest by potential market makers making a market in units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the units.

**14. Other Currencies distribution risk**

All units will receive distributions in the base currency (USD) only. In the event that a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from USD to HKD, RMB or any other currency. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.

**15. Dividends payable out of capital or effectively out of capital risk**

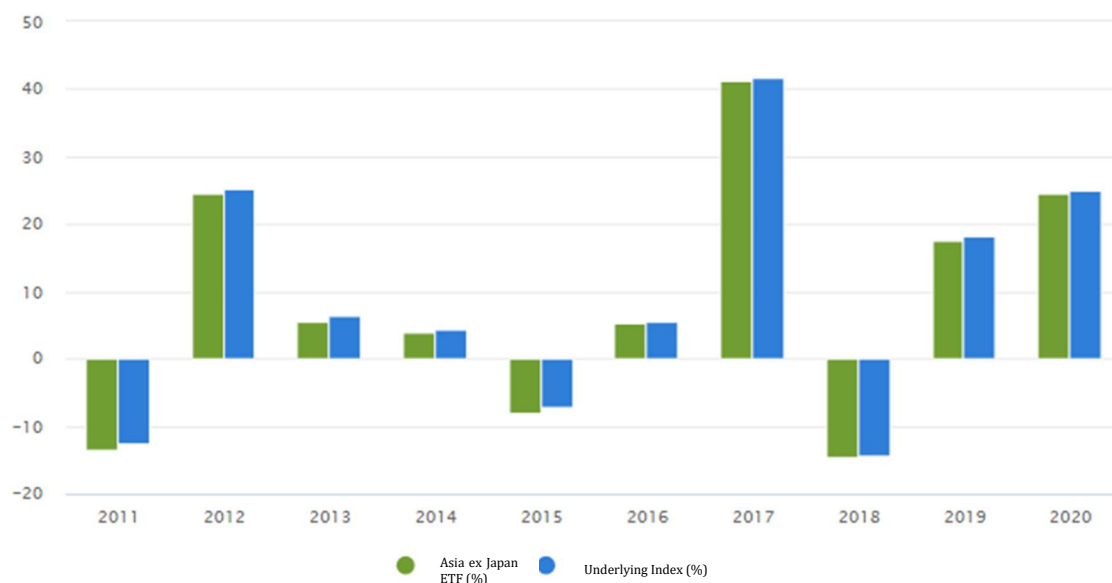
The Manager may at its discretion pay dividends out of the capital of the Asia ex Japan ETF. The Manager may also, at its discretion, pay dividend out of gross income while all or part of

the fees and expenses of the Asia ex Japan ETF are charged to/paid out of the capital of the Asia ex Japan ETF, resulting in an increase in distributable income for the payment of dividends by the Asia ex Japan ETF and therefore, the Asia ex Japan ETF may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Asia ex Japan ETF's capital may result in an immediate reduction of the Net Asset Value per Unit.

**16. Trading risk**

Generally, retail investors can only buy or sell units on SEHK. The trading price of the units of the Asia ex Japan ETF on SEHK is subject to market forces and may trade at a substantial premium or discount to the NAV.

**How has the fund performed?**



|                              | 2011   | 2012  | 2013 | 2014 | 2015  | 2016 | 2017  | 2018   | 2019  | 2020  |
|------------------------------|--------|-------|------|------|-------|------|-------|--------|-------|-------|
| Asia ex Japan ETF Return (%) | -13.39 | 24.56 | 5.47 | 3.87 | -8.05 | 5.13 | 41.30 | -14.50 | 17.53 | 24.49 |
| Underlying Index Return (%)  | -12.63 | 25.15 | 6.30 | 4.40 | -7.15 | 5.44 | 41.72 | -14.37 | 18.17 | 25.02 |

MSCI Asia APEX 50 Index
 MSCI All Country Asia ex Japan Index

**Note 1:** The base currency changed from HKD to USD on 1 January 2018. The above information is reflected in USD. Investors should be aware of the display reference currency when using information from other sources. Please refer to [www.blackrock.com/hk](http://www.blackrock.com/hk) for the latest performance information for the Asia ex Japan ETF displayed in the base currency (i.e. USD).

**Note 2:** The performance of the Asia ex Japan ETF prior to 27 July 2015 were achieved under circumstances that no longer apply. The Underlying Index was changed from the MSCI Asia APEX 50 Index to the MSCI All Country Asia ex Japan Index on 27 July 2015.

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends (if any) reinvested.
- These figures show by how much the Asia ex Japan ETF increased or decreased in value during the calendar year shown. Performance is calculated in USD, including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Underlying Index: MSCI Asia APEX 50 Index (prior to 27 July 2015). MSCI All Country Asia ex Japan Index (starting from 27 July 2015).
- Launch date of Asia ex Japan ETF (previously iShares MSCI Asia APEX 50 Index ETF): 12 March 2009.

**Is there any guarantee?**

The Asia ex Japan ETF does not have any guarantees. You may not get back the amount of money you invest.

**What are the fees and charges?****Charges incurred when trading the Asia ex Japan ETF on SEHK**

| Fee                        | What you pay         |
|----------------------------|----------------------|
| Brokerage fee              | Market Rate          |
| Transaction levy           | 0.0027% <sup>1</sup> |
| Trading fee                | 0.005% <sup>2</sup>  |
| Stamp duty                 | Nil                  |
| Inter-counter transfer fee | HKD5 per instruction |

**Ongoing fees payable by the Asia ex Japan ETF**

The following expenses will be paid out of the Asia ex Japan ETF. They affect you because they reduce the net asset value of the Asia ex Japan ETF which may affect the trading price.

|                    | Annual rate (as a % of the fund's value)       |
|--------------------|--|
| Management fee     | 0.28% p.a. of net asset value calculated daily |
| Custodian fee      | Included in the management fee                 |
| Administration fee | Included in the management fee                 |

**Other costs**

Please refer to the Prospectus for other fees and expenses payable by the Asia ex Japan ETF.

<sup>1</sup> Transaction levy of 0.0027% of the price of the units payable by the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the price of the units, payable by the buyer and the seller.



### Additional information

You can find the following information of the Asia ex Japan ETF at the following website at [www.blackrock.com/hk](http://www.blackrock.com/hk).

- The Asia ex Japan ETF's Prospectus and this statement (as revised from time to time);
- Latest annual audited financial reports and interim half yearly unaudited financial reports;
- Last NAV (in the base currency only i.e. USD) and last NAV per unit (in each of the trading currencies i.e. USD, HKD and RMB);
- Near real time indicative NAV per unit throughout each dealing day (in each of the trading currencies, i.e. USD, HKD and RMB);
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the Asia ex Japan ETF;
- The Asia ex Japan ETF's holdings (updated on a daily basis);
- The past performance of the Asia ex Japan ETF;
- Public notices and announcements made by the Asia ex Japan ETF; and
- Composition of any distributions paid (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months.

Please note that the near real time indicative NAV per unit (in each of the trading currencies i.e. USD, HKD and RMB) and the last NAV per unit in HKD and RMB are for reference only. The near real time indicative NAV per unit in HKD and RMB uses a real time exchange rate between the base currency (i.e. USD) and each of the trading currencies (i.e. HKD and RMB). It is calculated using the indicative NAV per unit in USD multiplied by the real time exchange rate provided by ICE Data Services for HKD and RMB (CNH) respectively. The last NAV per unit in HKD and RMB is calculated using the last NAV per unit in the base currency (i.e. USD) multiplied by the WM Reuters 4:00p.m (London time)\* rate for HKD and RMB (CNH) respectively for that Dealing Day.

All of the information outlined above can be found on the product webpage of the Asia ex Japan ETF. The product webpage of the Asia ex Japan ETF can be located by using the search function and inserting the ticker number of the Asia ex Japan ETF (i.e. 03010, 83010 or 09010) at [www.blackrock.com/hk](http://www.blackrock.com/hk). Investors should note that the website has not been reviewed by the SFC. The product webpage also provides a link to the announcements and notices section of the website where public announcements and notices can be found.

*\* Please note 4:00p.m (London time) (i) during British Summer Time is equivalent to 11:00p.m Hong Kong Time and (ii) otherwise is equivalent to 12:00a.m. Hong Kong Time*

### 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.