



PRODUCT KEY FACTS

CSOP Global Smart Driving Index ETF a sub-fund of the CSOP ETF Series OFC

CSOP Asset Management Limited

28 April 2022

- ***This is a passive exchange traded fund.***
- ***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

Stock code:	3162
Trading lot size:	100 Shares
Fund Manager:	CSOP Asset Management Limited
Custodian:	Cititrust Limited
Registrar:	Tricor Investor Services Limited
Sub-Custodian and Administrator:	Citibank, N.A., Hong Kong Branch
Underlying Index:	Solactive Global Smart Driving Index
Base currency:	United States Dollars (“USD”)
Trading currency:	Hong Kong Dollars (“HKD”)
Financial year end of this fund:	31 December
Dividend policy:	Subject to the Manager’s discretion. Currently the Manager intends to distribute income to Shareholders annually (in December). Distributions may be paid out of capital or effectively out of capital and reduce the Sub-Fund’s net asset value (“NAV”). Distributions on any Shares will be in USD only.
Ongoing charges over a year:	Estimated to be 1.5%#
Estimated annual tracking difference:	Estimated to be -1.89%##
ETF Website:	http://www.csopasset.com/en/products/hk-sdrive (this website has not been reviewed by the SFC)

The ongoing charges figure is an estimate based on the annualized projection of the actual expenses for the period between the Sub-Fund’s inception date and 31 December 2021, and represents the sum of the estimated ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund’s NAV. The actual figure may be different from this estimated figure and it may vary from year to year.

This is an estimated annual tracking difference. Investors should refer to the ETF website for more up to date information on actual tracking difference.

What is this product?

The CSOP Global Smart Driving Index 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 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, PRC mainland and Hong Kong listed securities that could benefit from the technological progress in the automotive industry. The Sub-Fund is denominated in USD.

Objectives and Investment Strategy

Objective

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 Index, namely, Solactive Global Smart Driving Index (the “**Index**”). There is no assurance that the Sub-Fund will achieve its investment objective.

Investment Strategy

The Sub-Fund is a physical ETF and invests primarily in US, PRC mainland and Hong Kong listed securities that could benefit from the technological progress in the automotive industry which is conducive to the development of smart driving. “Smart driving” refers to the use of strategies and techniques to maximize motor vehicle fuel efficiency by improving driving habits and vehicle maintenance e.g. alternatives for combustion engines, batteries for electric vehicles and autopilot driver assistance system. The companies in which the Sub-Fund invests may be based worldwide including in Canada, Ireland, Netherlands, PRC mainland, Sweden, Switzerland and the United States (subject to change from time to time due to rebalancing of the Index). Companies falling within the field of smart driving may be from various industries, and may be involved in any part of the supply chain of vehicles and their parts. Examples include alternative energy car manufacturers, general analog and mixed signal semiconductors, vehicle autonomous control electronics makers, auto interior comfort/safety/electronics products and other electric motors and motion control products.

The Sub-Fund is denominated in USD. In order to achieve the investment objective, the Sub-Fund primarily uses a physical representative sampling strategy through investing up to 100% of its NAV in a representative portfolio of securities that collectively has a high correlation with the Index, but whose constituents may or may not themselves be constituents of the Index (“**Index Securities**”).

In pursuing a representative sampling strategy, the Sub-Fund may or may not hold all Index Securities, and may hold securities which are not Index Securities. The full holdings of the Sub-Fund is available on the Manager’s website and will be updated on a daily basis. The Manager may cause the Sub-Fund to deviate from the index weighting on condition that the maximum deviation from the index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager after consultation with the SFC.

For direct investments in securities listed on the Shanghai Stock Exchange (“**SSE**”) and Shenzhen Stock Exchange (“**SZSE**”) (including the ChiNext market and/or the Science and Technology Innovation (“**STAR**”) Board), the Sub-Fund will invest through the Manager’s Qualified Foreign Investor (“**QFI**”) status and/or the mutual stock market access between PRC mainland and Hong Kong, comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (“**Stock Connect**”). The Sub-Fund will not invest more than 20% of its NAV in China A-Shares as at each rebalancing of the Index.

The Manager may invest in financial derivative instruments (“**FDIs**”) including futures and swaps with no more than 30% of the Sub-Fund’s NAV for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. The futures may be invested by the Sub-Fund will be index futures to manage exposure to the constituents of the Index, such as NASDAQ 100 E-mini futures. On the other hand, the swaps which may be invested by the Sub-Fund will be funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the Swap Counterparty(ies) and in return the Swap Counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant Securities (net of indirect costs). The expected proportion of the Sub-Fund’s NAV subject to investments in futures and swaps will not exceed 10% and 20% of its NAV, respectively. Exposure of the Sub-Fund to the Index Securities (either through direct investment or FDIs) will be in substantially the same weightings (i.e. proportions) as these Index Securities have in the Index.

Securities Lending

The Manager may, on behalf of the Sub-Fund, enter into Securities Lending Transactions, with the maximum level for up to 50% and expected level for approximately 20% of its NAV, and is 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.

Please refer to the section “Securities Financing Transactions” under “Investment Objective, Investment Strategy, Investment Restrictions, Securities Lending and Borrowing” of Part 1 of the Prospectus and the Appendix of the Sub-Fund in Part 2 of the Prospectus regarding details of the arrangements.

Other investments

The Sub-Fund may also invest not more than 5% of its NAV in cash and money market funds for cash management purpose.

The Manager does not currently enter into Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions.

Prior approval of the SFC (to the extent required under applicable regulatory requirements) will be sought and not less than one month’s prior notice (or such shorter notice period as may be permitted under applicable regulatory requirements) will be given to Shareholders in the event the (i) Manager wishes to invest in Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions, or (ii) the Manager wishes to adopt an investment strategy other than a representative sampling strategy.

Index

The Index is a net total return, share class market capitalisation weighted index that provides representation of US, PRC mainland and Hong Kong listed securities that could benefit from technological progress in the automotive industry which is conducive to the development of smart driving (as discussed under “Investment Strategy”). Constituent companies may be based worldwide including in Canada, Ireland, Netherlands, PRC mainland, Sweden, Switzerland and the United States (subject to change from time to time due to rebalancing of the Index).

Companies with smart driving-related business as their largest revenue stream will be identified and added to the list of eligible constituents. Identification is based on RBICS industry classification scheme that is focused on classifying a company’s primary business by revenues.

Constituents of the Index are listed on one of the following exchanges: SEHK, NYSE, NASDAQ, SSE or SZSE. The Index is quoted in USD. A net total return index reflects the reinvestment of dividends or distributions, after deduction of any withholding tax. The Index is a share class market capitalisation weighted index with a weight cap for individual index components of 8% and a total weight cap of 20% on SSE or SZSE listed companies.

The Index was launched on 11 May 2021, and had an initial level of 1,000 on 31 August 2017. As at 22 March 2022, the Index comprised 50 constituents with total market capitalisation of approximately USD2,063.53 billion. It is compiled and managed by Solactive AG (“the **Index Provider**”). The Manager and its connected persons are independent of the Index Provider.

The list of the constituents of the Index, their respective weightings, additional information and other important news of the Index can be obtained from the website of the Index Provider at <https://www.solactive.com/indices/?index=DE000SL0C5A0> (the contents of which has not been reviewed by the SFC).

ISIN: DE000SL0C5A0

Reuters: .SGDRIVEN

Bloomberg Code: SGDRIVEN

Use of derivatives / investment in derivatives

The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s NAV.

What are the key risks?

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

1. Investment risk

- 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.

2. 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.

3. New Index risk

- 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.

4. Risks associated with smart driving sector

- The smart driving sector is in the early stages of development. Participants in this field may include companies from various industries. Examples are alternative energy car manufacturers, general analog and mixed signal semiconductors, vehicle autonomous control electronics makers, auto interior comfort/safety/electronics products and other electric motors and motion control products. Therefore, until the sector expands, it is likely to include companies which have only dedicated certain sections of their operations towards the technology progress in the production of smart vehicles (e.g. traditional car producers which do not focus on the use of clean energy).
- Many of the companies in the smart driving sector have a relatively short operating history. Companies in the smart driving sector typically face intense competition which may have an adverse effect on profit margins and the prices of the securities of these companies. Their profitability is particularly vulnerable and susceptible to rapid changes in technology, rapid obsolescence of products and services, the loss or breach of intellectual property rights, government regulation (including but not limited to tax incentives offered), domestic and international competition (including competition from foreign competitors which may have lower production costs), evolving industry standards, introduction of new product and service, fluctuations in supply and demand for their products and services and the company's ability to manufacture vehicles on schedule to meet consumer demand.
- Companies in the smart driving sector typically have heavy and significant spending on research and development, and there is no guarantee that the products or services produced by these companies will be successful. Moreover, the businesses of companies with exposure to or investments in autonomous driving vehicle technology may be exposed to the risk of cybersecurity breaches, product liability claims, traffic accidents related to autonomous vehicles, and other issues that could result in increased regulation. Any errors or vulnerabilities that may be discovered in the products after release may adversely affect the business and operating results of such companies in the smart driving sector.
- Companies involved in the production and supply of batteries may be adversely impacted by the development of alternative sources of energy and the increasing demand for energy conservation. The revenues of companies in the smart driving sector are cyclical by nature and can also be significantly affected by changes in government spending policies in the region.

5. Concentration risk

- 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.

6. Risks associated with investment in FDIs

- Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

7. Risks relating to securities lending transactions

- Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

8. Foreign exchange risk

- A portion of the Sub-Fund's investments are denominated in HKD or RMB, therefore foreign exchange risk exists between the Base Currency (i.e. USD) and the underlying investments currency. Also, the Sub-Fund's Base Currency is in USD but the Shares are traded in HKD. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between USD and HKD. Secondary market investors may also be subject to additional costs or losses associated with fluctuations in the exchange rates between HKD and the Base Currency when trading Shares in the secondary market.
- Investors should note that all Shares will receive distributions in the Base Currency (USD) only. In the event that the relevant Shareholder has no USD account, the Shareholder may have to bear the fees and charges associated with the conversion of such distribution from USD to HKD or any other currency. The Shareholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Shareholders are advised to check with their brokers regarding arrangements for distributions.

9. Trading differences risks

- As the NYSE, the NASDAQ, the SSE and the SZSE may be open when Shares in the Sub-Fund are not priced, the value of the securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund's Shares. Differences in trading hours between the NYSE / the NASDAQ / the SSE / the SZSE and the SEHK may also increase the level of premium or discount of the Share price to its NAV.

10. Reliance on market makers risk

- 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 Shares and that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement, liquidity in the market for the Shares may be adversely affected if there is no or only one market maker for the Shares. There is also no guarantee that any market making activity will be effective.

11. 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.

12. Trading risk

- 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.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Shares on the SEHK, investors may pay more than the NAV per Share when buying Shares on the SEHK, and may receive less than the NAV per Share when selling Shares on the SEHK.

13. Risk of early termination

- 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 USD10,000,000 (or its equivalent in the Sub-Fund's base currency). Investors may not be able to recover their investments and suffer a loss when the Sub-Fund is terminated.

14. Risk relating to distributions paid 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 such distributions involving payment of dividends out of capital or effectively out of capital of the Sub-Fund may result in an immediate reduction of the NAV per Share of the Sub-Fund.

15. 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.

How has the fund performed?

Since 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 amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Sub-Fund on SEHK

Fee	What you pay
Brokerage fee	At market rates ¹
Transaction levy	0.0027% ²
Financial Reporting Council ("FRC") transaction levy	0.00015% ³
Trading fee	0.005% ⁴
Stamp duty	Nil

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 NAV of the Sub-Fund which may affect the trading price.

	<u>Annual rate (as a % of the Sub-Fund's NAV)</u>
Management Fee*	0.99% per annum
Custodian Fee (inclusive of fees payable to the Sub-Custodian)	Included in the Management Fee
Registrar Fee	Included in the Management Fee
Performance Fee	Nil
Administration Fee	Included in the Management Fee
Other Ongoing costs	Please refer to Part 2 of the Prospectus

* Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "**Fees and Charges**" in Part 1 of the Prospectus for details.

Additional Information

The Manager will publish important news and information in respect of the Sub-Fund, both in English and Chinese language at the following website <http://www.csopasset.com/en/products/hk-sdrive> (this website has not been reviewed by the SFC), including:

- the Prospectus (as amended and supplemented from time to time);
- the latest Product Key Facts Statements;
- the latest annual and semi-annual financial reports in English;
- any public announcements made by the Sub-Fund, including information in relation to the relevant Sub-Fund and the Index, notices of the suspension of the calculation of NAV, changes in fees and charges, the suspension and resumption of trading of Shares;
- notices relating to material changes to the Sub-Fund which may have an impact on its investors

¹ The brokerage fee is payable in the currency decided by the intermediaries used by the buyer and the seller.

² Transaction levy of 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.

³ FRC transaction levy of 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller from 1 January 2022.

⁴ Trading fee of 0.005% of the trading price of the Shares, payable by each of the buyer and the seller.

such as material alterations or additions to the offering documents and constitutive documents of the Sub-Fund;

- the near real-time indicative NAV per Share of the Sub-Fund updated every 15 seconds during normal trading hours on the SEHK in HKD;
- the last NAV of the Sub-Fund in USD only and the last NAV per Share of the Sub-Fund in USD and HKD;
- full portfolio information of the Sub-Fund (updated on a daily basis);
- the compositions of the dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months (also available by the Manager on request);
- the tracking different and tracking error of the Sub-Fund;
- the latest list of participating dealers and market makers; and
- the past performance information of the Sub-Fund.

The near real time indicative NAV per Share in HKD (updated every 15 seconds during SEHK trading hours) and the last NAV per Share in HKD are indicative and for reference purposes only. The near real-time indicative NAV per Share in HKD uses a real-time HKD:USD foreign exchange rate – it is calculated using the near real-time indicative NAV per Share in USD multiplied by a real-time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. Since the indicative NAV per Share in USD will not be updated when any underlying share market is closed, any change in the indicative NAV per Share in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last NAV per Share in HKD is calculated using the last NAV per Share in USD multiplied by an assumed foreign exchange rate using the USD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same Dealing Day. The official last NAV per Share in USD and the indicative last NAV per Share in HKD will not be updated when any underlying share market is closed.

Important

- If you are in doubt, you should seek professional advice.
- SFC registration and authorization do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company or the Sub-Fund or their performance. They do not mean the Company or the Sub-Fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.
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