

# Product Key Facts

## iShares Core MSCI Taiwan ETF

BlackRock Asset Management North Asia Limited

29 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

<b>Stock code:</b>	09074 USD counter	03074 HKD counter
<b>Trading lot size:</b>	100 units (for USD and HKD counters)	
<b>Manager:</b>	BlackRock Asset Management North Asia Limited	
<b>Trustee, Registrar and Custodian:</b>	HSBC Institutional Trust Services (Asia) Limited	
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.30%	
<b>Tracking difference of the last calendar year<sup>##</sup>:</b>	-0.67%	
<b>Underlying Index:</b>	MSCI Taiwan 20/35 Index	
<b>Base currency:</b>	US dollars (USD)	
<b>Trading currency:</b>	USD, HKD	
<b>Financial year end of this fund:</b>	31 December	
<b>Distribution policy:</b>	Annually, at the 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. <b>All units will receive distributions in the Base Currency (USD) only.</b> Please refer to "Other currencies distributions risk" and "Distributions payable out of capital or effectively out of capital risk" on page 5 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)	

### What is this product?

This is a fund constituted in the form of a unit trust established under Hong Kong law and is a sub-fund of the iShares Asia Trust. The units of the iShares Core MSCI Taiwan ETF (the "**MSCI Taiwan ETF**") are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**"). These units are traded on SEHK like listed stocks. The MSCI Taiwan ETF is a passively managed index tracking ETF falling under Chapter 8.6 of the Code.

# The ongoing charges figure for the MSCI Taiwan ETF is based on expenses for the year ended 31 December 2021. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the MSCI Taiwan ETF expressed as a percentage of the average Net Asset Value.

## This is the actual tracking difference of the calendar year ended 31 December 2021. Investors should refer to the website of the MSCI Taiwan ETF for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The MSCI Taiwan ETF aims to provide investment results that, before fees and expenses, closely correspond to the performance of the MSCI Taiwan 20/35 Index (the “**Underlying Index**”).

### Investment Strategy

The MSCI Taiwan 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 with a high correlation to the Underlying Index (either directly or indirectly) selected by the Manager.

The MSCI Taiwan ETF will invest primarily in securities included in the Underlying Index, or in securities that are not included in the Underlying Index, but which the Manager believes will help the MSCI Taiwan ETF achieve its investment objective. The MSCI Taiwan ETF may also invest in investments including futures contracts, index futures contracts, options on futures contracts and options related to its Underlying Index, local currency and forward currency exchange contracts, swaps and cash and cash equivalents for both non-hedging purposes and hedging purposes, which the Manager believes will help the MSCI Taiwan ETF achieve its investment objective. The MSCI Taiwan ETF may invest in financial derivative instruments (“**FDIs**”) for non-hedging purposes subject to the limit that the MSCI Taiwan ETF’s net derivative exposure does not exceed 50% of MSCI Taiwan ETF’s Net Asset Value (“**NAV**”).

The Manager may switch between the representative sampling and the full replication investment strategies without notice to investors and in its absolute discretion. A full 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 Manager may invest in other physical exchange traded fund(s) (“**ETFs**”) tracking indices that are closely correlated to the MSCI Taiwan 20/35 Index for cash management and contingency purposes, where, subject to market conditions, investing in physical ETFs is in the best interest of unitholders. The MSCI Taiwan ETF may invest up to 10% of its NAV in one or more underlying ETFs, which may be eligible schemes or non-eligible schemes and may or may not be 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.

The MSCI Taiwan 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 covering approximately 85% of the Taiwan investable equity universe on a net total return basis with dividends net of tax reinvested, subject to a global minimum size requirement. The Underlying Index is constructed from the MSCI Taiwan Index (the “**Parent Index**”), subject to a maximum weight applicable to the index constituents based on the free float-adjusted market capitalization. The Underlying Index constrains the weight of the largest constituent at 35%, and all other constituents at 20%, with a buffer of 10% applied on these limits at each index rebalancing. It is calculated and maintained by MSCI INC.

The Underlying Index is denominated in USD. The Underlying Index was launched on 15 October 2019, it is comprised of 86 constituents listed in Taiwan with total market capitalisation of USD1,191.02 billion as at 31 March 2022. The base date of the Underlying Index is 25 November 2008.

The Manager and its connected persons are independent of the index provider of the Underlying Index.

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) (this website has not been reviewed by the SFC). Constituents of the Index and their respective weightings can be accessed on <http://www.msci.com/constituents> (this website has not been reviewed by the SFC).

The Bloomberg ticker of the Underlying Index is NU727318 and the Reuters ticker of the Underlying Index is .MITW00003NUS.

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

The MSCI Taiwan ETF's net derivative exposure may be up to 50% of the MSCI Taiwan ETF's NAV.

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

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

**1. General investment risk**

The MSCI Taiwan ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the MSCI Taiwan ETF may suffer losses. There is no guarantee of the repayment of principal.

**2. Equity market risk**

The MSCI Taiwan ETF'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. Concentration risk and Taiwan political and economic risks**

- Exposure of the MSCI Taiwan ETF is concentrated in the Taiwanese market and a greater portion of its assets may be represented in a single security or group of securities. As a result, the MSCI Taiwan ETF may be more volatile than funds having a more diversified portfolio of investments and can perform differently from the market as a whole. The value of the MSCI Taiwan ETF may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Taiwanese market.
- In particular, the MSCI Taiwan ETF's investments in Taiwan may involve risks associated with the political situation in Taiwan, social factors, uncertainties such as changes in the government in Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation. There may be substantial government intervention in the Taiwan economy. Economic factors such as fluctuation of the commodity markets and appreciation of the New Taiwan Dollar ("TWD") may also affect the value of the assets of the MSCI Taiwan ETF.

**4. Foreign exchange risk**

- The majority of underlying investments of the MSCI Taiwan ETF will be denominated in TWD, instead of USD, the base currency of the MSCI Taiwan ETF. The NAV of the MSCI Taiwan ETF may be affected unfavourably by fluctuations in the exchange rate between TWD and USD and by changes in exchange rate controls.
- The MSCI Taiwan ETF's Base Currency is in USD but has units traded in HKD (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 trading currency when trading units in the secondary market.

**5. Investment in ETFs risk**

- The MSCI Taiwan ETF will be subject to the risks associated with the underlying ETFs it invests in. The MSCI Taiwan ETF does not have control of the investments of the underlying ETFs and there is no assurance that the investment objective and strategy of the underlying ETFs will be successfully achieved which may have a negative impact to the NAV of the MSCI Taiwan ETF. Any tracking error of these ETFs will also contribute to the tracking error of the MSCI Taiwan ETF.
- The underlying ETFs may not be regulated by the SFC. There may be additional costs involved when investing into these underlying ETFs.

**6. 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 MSCI Taiwan ETF. Exposure to FDI may lead to a high risk of significant loss by the MSCI Taiwan ETF.

**7. Passive investment risk**

The MSCI Taiwan ETF is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the MSCI Taiwan ETF. Falls in the Underlying Index are expected to result in corresponding falls in the value of the MSCI Taiwan ETF.

**8. Tracking error risk**

The MSCI Taiwan ETF may be subject to tracking error risk, which is the risk that its performance may not track that of the Underlying Index exactly. This tracking error may result from the investment strategy used, fees and expenses, liquidity of the index constituents and changes to the Underlying Index. 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 Underlying Index.

**9. Trading differences risks**

- As the Taiwan Stock Exchange may be open when Units in the MSCI Taiwan ETF are not priced, the value of the securities in the MSCI Taiwan ETF's portfolio may change on days when investors will not be able to purchase or sell the units.
- Differences in trading hours between the Taiwan Stock Exchange and the SEHK may also increase the level of premium or discount of the unit price to its NAV.

**10. Trading risks**

- 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 MSCI Taiwan ETF's NAV.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units on the SEHK, investors may pay more than the NAV per unit when buying units on the SEHK, and may receive less than the NAV per unit when selling units on the SEHK.

**11. 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.

**12. 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.

**13. Other currencies distributions 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 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.

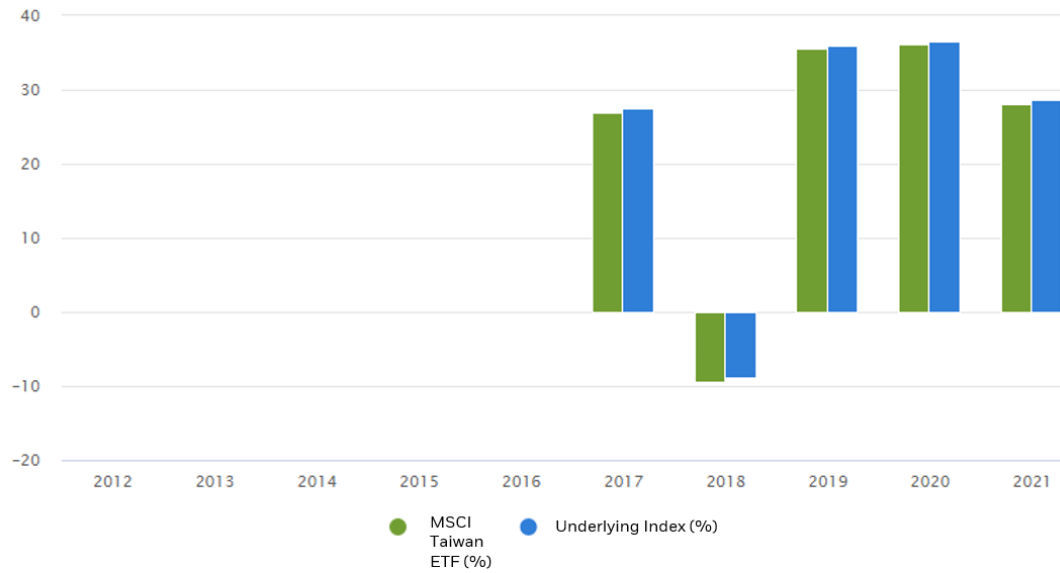
**14. Distributions payable out of capital or effectively out of capital risk**

The Manager may at its discretion pay distributions out of capital, or effectively out of capital, of the MSCI Taiwan ETF. Payment of distributions 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 may result in an immediate reduction of the Net Asset Value per unit.

**15. Termination risk**

The MSCI Taiwan ETF may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the MSCI Taiwan ETF falls below a pre-determined NAV threshold as set out in the constitutive documents and offering documents. Investors may not be able to recover their investments and suffer a loss when the MSCI Taiwan ETF is terminated.

**How has the fund performed?**



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MSCI Taiwan ETF Return (%)	-	-	-	-	-	26.98	-9.41	35.54	36.17	28.07
Underlying Index Return (%)	-	-	-	-	-	27.53	-8.94	36.06	36.58	28.74

MSCI Taiwan Index
MSCI Taiwan 20/35 Index

**Note: The performance of the MSCI Taiwan ETF prior to 27 November 2019 was achieved under circumstances which no longer apply. The Underlying Index was changed from the MSCI Taiwan Index to the MSCI Taiwan 20/35 Index on 27 November 2019. Investor should exercise caution when considering the past performance of the MSCI Taiwan ETF prior to 27 November 2019.**

- 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 MSCI Taiwan ETF increased or decreased in value during the calendar year shown. Performance is calculated in the base currency of the MSCI Taiwan ETF, 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 Taiwan Index (prior to 27 November 2019). MSCI Taiwan 20/35 Index (starting from 27 November 2019).
- Launch date of MSCI Taiwan ETF: 22 June 2016.

**Is there any guarantee?**

The MSCI Taiwan 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 MSCI Taiwan ETF on SEHK**

Fee	What you pay
Brokerage fee	Market Rate
Transaction levy	0.0027% <sup>1</sup> of the trading price
Financial Reporting Council transaction levy	0.00015% <sup>2</sup> of the trading price
Trading fee	0.005% <sup>3</sup> of the trading price
Stamp duty	Nil
Inter-counter transfer fee	HKD5 per instruction

**Ongoing fees payable by the MSCI Taiwan ETF**

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

	Annual rate (as a % of the fund's value)
Management fee	0.30% p.a. of net asset value calculated daily
Custodian fee	Included in the management fee
Administration fee	Included in the management fee

**Other Fees**

You may have to pay other fees when dealing in the units of the MSCI Taiwan ETF. Please refer to the Prospectus for fees and expenses applicable to investing in the MSCI Taiwan 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> Financial Reporting Council transaction levy of 0.00015% of the price of the units, payable by the buyer and the seller.

<sup>3</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 MSCI Taiwan ETF at [www.blackrock.com/hk](http://www.blackrock.com/hk):

- The MSCI Taiwan ETF's Prospectus and this statement (as revised from time to time);
- Latest annual audited financial reports and interim half yearly unaudited financial report;
- Last NAV (in the Base Currency only i.e. USD) and last NAV per unit (in each of the trading currencies i.e. USD and HKD);
- Near real time indicative NAV per unit throughout each dealing day (in each of the trading currencies i.e. USD and HKD);
- The MSCI Taiwan ETF's holdings (updated on a daily basis);
- The past performance of the MSCI Taiwan ETF;
- Public notices and announcements made by the MSCI Taiwan ETF;
- Latest list of participating dealers and market makers;
- The tracking difference and tracking error of the MSCI Taiwan 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 (whichever is the shorter period).

Please note that the near real time indicative NAV per Unit (in each of the trading currencies i.e. USD and HKD) and the last NAV per Unit in HKD are for reference only. The near real time indicative NAV per Unit in HKD does not use a real time exchange rate between the Base Currency (i.e. USD) and the other trading currency (i.e. HKD). It is calculated using the indicative NAV per Unit in USD multiplied by the WM Reuters 4:00p.m (London time)\* rate for HKD for the previous Dealing Day. The last NAV per Unit in HKD 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 for that Dealing Day.

All of the information outlined above can be found on the product webpage of the MSCI Taiwan ETF. The product webpage of the MSCI Taiwan ETF can be located by using the search function and inserting the ticker number of the MSCI Taiwan ETF (i.e. 03074 or 09074) 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.