

PRODUCT KEY FACTS

Issuer: Sensible Asset Management
Hong Kong Limited

Value Partners EMQQ Emerging Markets
Internet & Ecommerce ETF

A sub-fund established under Value Partners ETF Series OFC

July 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:	03030
Trading lot size:	200 Shares
Manager:	Sensible Asset Management Hong Kong Limited
Sub-Manager:	Value Partners Hong Kong Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Administrator, Valuation Agent and Registrar:	The Hongkong and Shanghai Banking Corporation Limited
Ongoing charges over a year [#] :	1.49%
Estimated annual tracking difference ^{##} :	-2%
Underlying Index:	EMQQ The Emerging Markets Internet & Ecommerce Index™
Trading currency:	Hong Kong dollars (HKD)
Base currency:	Hong Kong dollars (HKD)
Distribution policy:	Subject to the Manager's discretion. Currently the Manager intends to distribute income to Shareholders annually (if any) in HKD. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. However, there is no guarantee of regular distribution nor the amount being distributed (if any).

Financial year end of this fund: 31 December

ETF Website: <https://www.vpemqq.com> (this website has not been reviewed by the SFC)

[#] As the Sub-Fund (as defined below) is newly set up, this figure is an estimate only and represents the sum of the estimated

ongoing charges over a 12-month period, expressed as a percentage of the estimated average net asset value over the same period. It does not include the swap fees. It may be different upon actual operation of the Sub-Fund and may vary from year to year.

This is an estimated annual tracking difference. Investors should refer to the Sub-Fund's website for more up-to-date information on the actual tracking difference.

What is this product?

Value Partners EMQQ Emerging Markets Internet & Ecommerce ETF (the “**Sub-Fund**”) is a sub-fund of Value Partners ETF Series OFC (the “**Company**”), 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 ETF listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). The shares of the Sub-Fund (the “**Shares**”) are traded like stocks.

Objectives and Investment Strategy

Objective

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the EMQQ The Emerging Markets Internet & Ecommerce Index™ (the “**Index**”). There can be no assurance that the Sub-Fund will achieve its investment objective.

Strategy

In seeking to achieve the Sub-Fund's investment objective, the Manager will primarily use a full replication strategy through investing directly in constituent stocks of the Index in substantially the same weightings in which they are included in the Index. The Sub-Fund may also invest in secondary listings and foreign listings such as American Depositary Receipts (“**ADRs**”), American Depositary Shares (“**ADSs**”), Global Depositary Receipts (“**GDRs**”) and International Depositary Receipts (“**IDRs**”) which are eligible for inclusion in the Index. The Index constituents may include publicly issued common equity securities, ADRs, ADSs, GDRs and IDRs issued by companies from sectors including internet services, internet retail, internet broadcasting, internet media, online advertising, online travel, online gaming, search engines and social networks.

As such, the Sub-Fund may have a significant exposure to companies deriving a majority of their assets or revenues from internet and ecommerce in emerging markets[^]. The Sub-Fund may have a significant exposure to companies which are either headquartered or incorporated in Mainland China or Hong Kong depending on the composition of the Index. The Index currently does not include any A shares. The Sub-Fund's means of access to companies which are either headquartered or incorporated in Mainland China or Hong Kong will include but not limited to common shares (such as H shares, Red chips and P chips) and ADRs (and its secondary listing in the SEHK).

Where the adoption of a full replication strategy is not efficient or practicable or where the Manager considers appropriate in its absolute discretion, the Manager may also use a representative sampling strategy to invest in (i) a representative sample of the constituent securities of the Index selected by the Manager using rule-based quantitative analytical models to derive a portfolio sample; and/or (ii) a representative sample whose performance is closely correlated with the Index, but whose constituents may or may not themselves be constituents of the Index. The Manager may cause the Sub-Fund to deviate from the Index weighting (in pursuing a representative sampling strategy) on the condition that the maximum deviation from the Index weighting of any constituent will not exceed 3 percentage points above or below such weighting.

The Manager may invest no more than 20% of the Sub-Fund's net asset value in financial derivative instruments (“**FDIs**”) including swaps 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 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 such as swap fees). The expected proportion of the Sub-Fund's net asset value subject to investments in swaps will not exceed 20% of its net asset value. The swap fees reflect a Swap Counterparty's costs of financing the underlying hedge in order to provide the performance of the relevant securities. The swap fees will be borne by the Sub-Fund and may have a substantial adverse impact on the net asset value and the performance of the Sub-Fund and may result in higher tracking error. Exposure of the Sub-Fund to the Index constituents (either through direct investment or FDIs) will be in substantially the same weightings (i.e. proportions) as these Index constituents have in the Index.

The Manager may also invest up to 10% of the Sub-Fund's net asset value in participation notes which are unleveraged instruments. For the avoidance of doubt, participation notes by nature are derivative instruments.

The Manager will not enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions. The Manager will seek the prior approval of the SFC (if required) and provide at least one month's prior notice to Shareholders before the Manager engages in any such investments.

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

Index

The Index is a net total return, modified float-adjusted market capitalisation weighted index and is denominated in USD. The Index was launched on 5 November 2014 and had a base level of 28 on 1 June 2009. As at 31 December 2021, it had a total market capitalisation of approximately USD2.9 trillion and 131 constituents.

The Index is an equity benchmark designed to track the performance of the internet and ecommerce industry in emerging markets, with the target weight of any one position limited to 8% of the Index. The Index captures publicly traded companies deriving a majority of their assets or revenues from internet and ecommerce in emerging markets[^]. The constituents of the Index are from sectors including but not limited to internet services, internet retail, internet broadcasting, internet media, online advertising, online travel, online gaming, search engines and social networks.

EMQQ Global LLC (the "**Index Provider**") is responsible for validating any changes to the Index constituents to ensure that any such changes are compliant with the screening criteria in the Index methodology. The Manager and the Sub-Manager (and each of its connected persons) are independent of the Index Provider. Solactive AG (the "**Index Calculation Agent**") is responsible for the compilation, operation, calculation, maintenance and record keeping in respect of the Index.

Details of the index methodology of the Index can be found on www.emqqindex.com (this website has not been reviewed or approved by the SFC). The Index composition (including the list of constituents of the Index and their respective weightings) can be found on the Index Provider's website www.emqqindex.com (this website has not been reviewed or approved by the SFC). The Index is also available on Bloomberg (EMQQITR Index) in real time.

[^] Please refer to the section headed "The Index – General information on the Index" in Appendix 1 to the Prospectus for the list of emerging markets.

Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

What are the key risks?

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

1. Investment risks

- The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and

therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

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. Mainland China and Hong Kong concentration risk

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of securities that are issued by companies which are either headquartered or incorporated in mainland China or Hong Kong. The Sub-Fund may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value of the Index resulting from adverse conditions in mainland China and Hong Kong.

4. Emerging markets risk

- The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk, currency devaluation, inflation and the likelihood of a high degree of volatility.

5. Ecommerce and internet sector concentration risk

- Due to the concentration of the Index in the ecommerce and internet sector, which includes companies with selected technology themes, the performance of the Index may be more volatile when compared to other broad-based stock indices. The price volatility of the Sub-Fund may be greater than the price volatility of exchange traded funds tracking more broad-based indices.

6. Technology risk

- Many of the companies with a high business exposure to technology themes 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 due to restrictions on investment in internet and technology companies and/or restrictions on access to the internet products and services. 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.

7. Ecommerce sector risk

- Ecommerce companies typically face intense competition and are subject to fluctuating consumer demand. Ecommerce companies are dependent on internal infrastructure and on the availability, reliability and security of the internet and related systems. Any system interruption that results in the unavailability or reduced performance of its transaction platform and systems could interrupt or substantially reduce a company's ability to conduct its business. Due to the online nature of ecommerce companies and their involvement in processing, storing and transmitting large amounts of data, these companies are particularly vulnerable to cyber security risk. In the event of a cyberattack, ecommerce companies could suffer serious adverse reputational and operational consequences, including liability and litigation. Ecommerce companies may participate in monopolistic practices that could make them subject to higher levels of regulatory scrutiny and/or potential break ups in the future, which could severely impact the viability of these companies. A decrease in consumer spending can adversely affect the performance of companies in the ecommerce sector. Any future slowdowns or declines in the general economy or consumer spending may materially and adversely affect the business of the companies in the ecommerce sector.

8. Communications sector risk

- Companies in the communications sector (such as internet broadcasting, internet media and social network) are particularly vulnerable to the potential obsolescence of products and services due to technological advancement and the innovation of competitors. Additionally, fluctuating consumer demands, shifting demographics and often unpredictable changes in consumer tastes can drastically affect such a company's profitability. These companies are exposed to operational risks including disruptions or delays in service caused by hardware or software failure and security breaches, and may also be affected by increasing concerns relating to privacy issues and the collection of data by social media companies and the evolving laws and regulations on the communications industry. All of these may affect the companies in the communications sector, and may in turn affect the value of the Sub-

Fund's investments in these companies.

9. Consumer discretionary sector risk

- The performance of companies in the consumer discretionary sector (such as internet retail and online travel) are correlated to the growth rate of the consumer market, individual income levels and their impact on levels of domestic consumer spending, which in turn depend on the worldwide economic conditions, which have seen significant deterioration in the past. Factors affecting the level of consumer spending include but are not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. Any future slowdowns or declines in the economy or consumer spending in the relevant market may materially and adversely affect the business of the companies in this sector and hence the value of the Sub-Fund's investments.

10. Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. The net asset value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

11. Risks associated with ADRs, ADSs, GDRs and IDRs

- Exposure to ADRs/GDRs/IDRs may generate additional risks compared to a direct exposure to the underlying stocks, including the risk of non-segregation of the underlying stocks held by the depositary bank from the bank's own assets and liquidity risks (as ADRs/GDRs/IDRs are often less liquid than the underlying stock). Bankruptcy events in respect of the depositary banks may lead to trading suspension and thereafter a freeze of the price of the ADRs/GDRs/IDRs affected, which may negatively affect the performance and/or liquidity of the Sub-Fund. Also, holders of ADRs/GDRs/IDRs generally do not have the same right as the direct shareholders of the underlying stocks. The performance of ADRs/GDRs/IDRs may also be impacted by the related fees.
- In addition, there is a risk that the ADRs/ADSs/GDRs/IDRs of mainland Chinese companies may be delisted as a result of regulatory actions by the local government and/or stock exchange. In such an event, the value of such ADRs/ADSs/GDRs/IDRs may be adversely affected as such ADRs/ADSs/GDRs/IDRs could become difficult to trade and to value, and certain investors may not be allowed to invest in such ADRs/ADSs/GDRs/IDRs. This may in turn have an adverse impact on the net asset value of the Sub-Fund. Exposure to ADRs/ADSs/GDRs/IDRs may generate risks such as foreign exchange risk and foreign security risk.

12. Risk of reliance on the Index Calculation Agent

- The Index Provider relies on the Index Calculation Agent to calculate and maintain the Index and to provide continuous support in terms of index expertise. If the Index Calculation Agent ceases to provide such support to the Index Provider or to act as index calculation agent of the Index, the Index Provider may not be able to immediately find a successor index calculation agent with the requisite expertise or resources and any new appointment may not be on equivalent terms or of similar quality, and this may negatively affect the Sub-Fund. This risk is however minimised as the Index Provider has a list of candidates who are eligible to take up the role of index calculation agent of the Index.

13. 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.

14. Distributions out of or effectively out of capital risk

- Payments 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 Share of the Sub-Fund.

15. Passive investment risks

- 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.

16. 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.

17. Trading 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 net asset value.
- 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 net asset value per Share when buying Shares on the SEHK, and may receive less than the net asset value per Share when selling Shares on the SEHK.

18. Trading hours differences risk

- The relevant stock exchanges on which the Index constituents included in the Sub-Fund are listed may be open when the Shares in the Sub-Fund are not priced. Therefore, 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 such stock exchanges and the SEHK may also increase the level of premium or discount of the trading price of Shares of the Sub-Fund to its net asset value.

19. Termination risk

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below HKD150,000,000. Investors may not be able to recover their investments and suffer a loss when the Sub-Fund is terminated.

20. 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 Shares and that at least one market maker is required to give not less than 3 months’ notice prior to terminating market making 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.

How has the Sub-Fund performed?

Since the Sub-Fund is newly set up, there is insufficient data available 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 the SEHK

Fees	What you pay
Brokerage fee	Market rates
SFC transaction levy	0.0027% ¹
Financial Reporting Council (“FRC”) transaction levy	0.00015% ²
SEHK trading fee	0.005% ³
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 net asset value of the Sub-Fund which may affect the trading price.

¹ SFC transaction levy, presently 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.
² FRC transaction levy, presently 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller.
³ Trading fee of 0.005% of the trading price of the Shares, payable by each of the buyer and the seller.

Annual rate (as a % of net asset value)**Management fee***

0.99%

The Sub-Fund pays a management fee to the Manager.

** The management fee is a single flat fee to cover the Manager's fee, the Custodian's fee, the Administrator's fee, the Valuation Agent's fee and the Registrar's fee. The management fee may be increased up to the maximum of 3% per year of the net asset value of the Sub-Fund, on one month's notice to the affected Shareholders (or such shorter period as may be approved under the UT Code). For the avoidance of doubt, the Management Fee does not include the directors' remuneration or the operating costs relating to the administration of the Sub-Fund. No fees are payable out of the Sub-Fund to the Sub-Manager. Please refer to section headed "Fees and expenses" in Appendix 1 to the Prospectus for details.*

Performance fee

Nil

Other fees

You may have to pay other fees when dealing in the Shares.

Additional information

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

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual and interim financial reports (in English only);
- (c) any notices for material alterations or additions to the Prospectus and this statement or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Manager in respect of the Sub-Fund, including information with regard to the Sub-Fund and the Index, the suspension of creations and redemptions of Shares, the suspension of the calculation of its net asset value, changes in fees and the suspension and resumption of trading;
- (e) the near real time indicative net asset value per Share in HKD updated every 15 seconds throughout each dealing day;
- (f) the latest list of the participating dealers and market makers;
- (g) the last net asset value of the Sub-Fund and the last net asset value per Share in HKD;
- (h) the tracking difference and tracking error of the Sub-Fund;
- (i) the full portfolio information of the Sub-Fund (updated on a daily basis); and
- (j) the composition of distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12-month period.

The near real time indicative net asset value per Share in HKD, under (e) above, is indicative and for reference only. This is updated during SEHK trading hours and is calculated by Solactive AG or other third party data vendors.

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.

SFC registration and authorisation do not represent a recommendation or endorsement of the Company or the Sub-Fund nor do they guarantee the commercial merits of the Company, 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 their suitability for any particular investor or class of investors.