

- ***This is an active 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>	3034
<b>Trading lot size:</b>	100 Shares
<b>Fund Manager:</b>	CSOP Asset Management Limited
<b>Custodian:</b>	Cititrust Limited
<b>Registrar:</b>	Tricor Investor Services Limited
<b>Sub-Custodian and Administrator:</b>	Citibank, N.A., Hong Kong Branch
<b>Base currency:</b>	United States Dollars (“ <b>USD</b> ”)
<b>Trading currency:</b>	Hong Kong Dollars (“ <b>HKD</b> ”)
<b>Financial year end of this fund:</b>	31 December
<b>Dividend policy:</b>	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 (“ <b>NAV</b> ”). Distributions on any Shares will be in USD only. There is no guarantee of regular distribution nor the amount being distributed (if any).
<b>Ongoing charges over a year:</b>	Estimated to be 1.91%#
<b>ETF Website:</b>	<a href="http://www.csopasset.com/en/products/hk-metav">http://www.csopasset.com/en/products/hk-metav</a> (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 2022, 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.

**What is this product?**

The CSOP Metaverse Concept ETF (the “**Sub-Fund**”) is a sub-fund of the CSOP ETF Series OFC (the “**Company**”), which is a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between sub-funds. The Sub-Fund is an actively managed exchange traded fund authorised under Chapter 8.10 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the “**Shares**”) are traded on the Stock Exchange of Hong Kong Limited (the “**SEHK**”) like stocks.

**Objective and Investment Strategy**

**Objective**

The investment objective of the Sub-Fund is to achieve long term capital growth by primarily investing in companies which are directly or indirectly involved in the use of innovative technology to offer products

or services which contribute to the development of the Metaverse (as defined below) (the “**Metaverse Business**”). There is no assurance that the Sub-Fund will achieve its investment objective.

### **Investment Strategy**

In seeking to achieve the Sub-Fund’s investment objective, the Sub-Fund will invest primarily (i.e. at least 70% of its NAV) in securities of companies (which may include listed American Depositary Receipts (“**ADRs**”) and Global Depositary Receipts (“**GDRs**”)) which (i) are listed on the NYSE or NASDAQ or traded on the US over-the-counter markets; (ii) are considered by the Manager from time to time as directly or indirectly involved in the Metaverse Business; and (iii) have a share class market capitalisation of not less than USD1 billion at the point of investment. “**Metaverse**” refers to shared three-dimensional (“**3D**”) virtual worlds which are engineered and powered by a combination of technologies, tools and standards that enable highly immersive virtual collaborations and interactions between large volumes of concurrent users, which in turn facilitate extensive interoperability and exchange of data and content between users as well as the creation, ownership and transfer of digital assets. The Metaverse may also combine physical spaces, two-dimensional Internet experiences (for example, apps and webpages) and finite simulations (for example, computer games) with virtual-reality and augmented reality technologies. The following is a non-exhaustive illustration of companies which may be directly or indirectly involved in the Metaverse Business in which the Sub-Fund will primarily invest:

(i) **Metaverse infrastructure:**

- 1) *Computing*: companies engaged in delivering computing power to support the operation of the Metaverse, including companies that design or manufacture logic semiconductors, servers and auxiliary components;
- 2) *Network*: companies involved in providing cellular network, broadband network, high bandwidth or data centres that facilitate the data transmission on the Metaverse, including companies that design or manufacture optical transceiver chipsets, Wi-Fi or Bluetooth Low Energy (BLE) chipsets, optical modules, switches, fibre optic cabling, cellular base stations and auxiliary components, etc.; and
- 3) *Access*: companies involved in providing devices used to access or interact with the Metaverse, including wearable devices such as haptic gloves, motion capturing sensors and specialised visuals and audio or gaming equipment, as well as auxiliary components for interacting in virtual and augmented reality, etc.

(ii) **Metaverse engineering:**

- 1) *Visualisation*: companies involved in providing technologies for visualisation and modelling virtual environments or 3D worlds of the Metaverse, including 3D rendering engine, 3D simulation and modelling tools and holographic display, etc.;
- 2) *Synchronisation*: companies engaged in providing technologies or integrated solutions that are used to host a substantial number of users concurrently on the Metaverse, including synchronisation engines, high throughput cloud-native databases and developer toolkit/middleware, etc;
- 3) *Communication*: companies engaged in developing technologies that enable real-time communication between the Metaverse and its users, including encoding/decoding technologies, content delivery network, Web Real-Time Communication (WebRTC) and HTTP Live Streaming (HLS), etc; and
- 4) *Algorithms*: companies involved in data gathering, analytics, training or inference that enhance interactive experiences on the Metaverse, including virtual robot agents and human-like voice simulation, etc.

(iii) **Metaverse application:**

- 1) *Platforms*: companies involved in creating, developing and/or operating a non-physical, virtual environment or 3D world where users can interact immersively through virtual technologies; and
- 2) *Services*: companies engaged in providing services and virtual goods to users on the Metaverse, including virtual conferencing service, virtual classroom and digital payment service, etc.

(iv) **Metaverse content:**

- 1) *Content creators*: companies involved in producing Metaverse-related contents or intellectual properties, such as user-generated 3D games and cartoon character recreation; and

- 2) *Content distributors*: companies involved in the distribution of Metaverse-related contents, such as video streaming service, live streaming and broadcasting services, etc.

The Sub-Fund is denominated in USD.

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 which may be invested by the Sub-Fund will be index futures, such as the NASDAQ 100 E-mini futures, to manage exposure to market risks. 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.

#### 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 intend to 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 Manager wishes to invest in Sale and Repurchase Transactions, Reverse Repurchase Transactions and other similar over-the-counter transactions.

#### **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. Active investment management risk**

- The Sub-Fund employs an actively managed investment strategy. The Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager. It may fail to meet its objective as a result of the Manager’s selection of investments,

and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other index tracking funds with a similar objective.

**3. 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.

**4. Metaverse risk**

- The Metaverse is a new concept. Some aspects of the Metaverse may be based on untested technologies. The risks that the Metaverse may present to companies involved in the Metaverse Business (as elaborated below) may not emerge until the technologies are more widely used. The Metaverse may expose users to fraud or scams as certain users or groups of users may engage in fraudulent activities or transactions through the dishonest or illegal use of technologies or services provided by companies involved in the Metaverse Business. Future regulatory developments could also affect the viability of the Metaverse and the business prospects of the companies involved in the Metaverse Business. The values of the companies involved in the Metaverse Business may not be a direct reflection of their connection to the Metaverse, and may be based on other business operations. The Metaverse may never exist on a scale that provides identifiable economic benefit to many or all of the companies involved in the Metaverse Business.

**5. Risks related to companies involved in Metaverse Business**

- Many companies involved in the Metaverse Business have relatively limited operating histories. Prices of the securities of these companies have historically been more volatile than other securities, especially over the short term. Also, companies involved in the Metaverse Business generally face intense competition, both domestically and internationally, which may have an adverse effect on their profit margins. They may have limited markets, financial resources or personnel.
- *Changes in technology risk.* The profitability of companies involved in the Metaverse Business is particularly susceptible to product or service obsolescence due to rapid technological developments, frequent new product or service introduction and unpredictable changes in growth rates and competition for the services of qualified personnel. Failure to introduce new products or services which respond to market demands or development in a timely manner or to achieve general market acceptance for their products or services may have a material adverse effect on these companies' business performance and their profitability.
- *Governmental intervention risk.* Companies involved in the Metaverse Business is vulnerable to substantial governmental intervention, including restrictions on investments in or import/export of the products of these companies if they are deemed sensitive to relevant national interests. In the event that investments in these companies and/or access to their products are restricted, whether in whole or in part and in one or more countries, the financial condition and operating results of these companies may be adversely affected.
- *Regulatory risk and intellectual property risk.* The Metaverse Business is subject to increasing regulatory scrutiny, including laws and regulations with respect to privacy, data protection, content regulation, intellectual property and competition. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to business practices, monetary penalties, increased cost of operations or declines in user growth or user engagement or otherwise undermine the Metaverse Business. They may also delay or impede the development of new products and services. Compliance with the relevant laws and regulations can be costly and may require significant time and attention of the management and technical personnel. The operations of companies involved in the Metaverse Business are also heavily dependent on intellectual property and licences and the loss of patent, copyright or trademark protections or the loss or revocation of licences could result in undesirable legal, financial, operational and reputational consequences and may adversely affect their profitability.
- *Significant capital investment risk.* As the markets in which companies in the Metaverse Business generally compete face rapidly evolving industry standards as well as frequent new service and product introductions and enhancements, these companies generally incur significant capital investments on the research and development of their products or services and may require substantial expenditures to improve or modify its services, products or infrastructure to adapt to rapid technological changes, which may result in competitive pressure on their capital costs and financial condition and in turn affect their profit margins and may even result in significant operating losses in the foreseeable future. There is also no guarantee that the products or services developed by these

companies will be successful or widely accepted by the general market or at all. The operating results of these companies may also be significantly affected by aggressive pricing as well as accelerated rate of technological developments.

- **Cyberattack risk.** Companies involved in the Metaverse Business are prone to failures of or breaches in cybersecurity, which include cyberattacks such as unauthorised access to digital systems through hacking or malicious software coding for the purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption, or outside attacks such as denial-of-service attacks through efforts to make network services unavailable to intended users. While companies may be susceptible to network security breaches in general, certain companies involved in the Metaverse Business may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service. Such risks, if materialise, could result in substantial loss of business or user data or information and material adverse impact on their performance.
- In addition, the performance of the Sub-Fund may be exposed to risks associated with different sectors and themes, including semiconductor, internet, software, communication services, interactive media and services as well as entertainment. Fluctuations in the business operations of companies in these sectors or themes will have an adverse impact on the NAV of the Sub-Fund.

#### **6. Sector concentration risk**

- The Sub-Fund's investments are concentrated in companies involved in the Metaverse Business, which may experience relatively higher volatility in price performance when compared to other economic sectors. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant sector.

#### **7. Geographical concentration risk**

- The Sub-Fund is subject to geographical concentration risks as it primarily invests in companies which are US listed companies having business operations related to the Metaverse Business and which may be headquartered, incorporated and/or operating in the US. 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.

#### **8. 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.

#### **9. 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.

#### **10. Risks associated with ADRs and GDRs**

- Exposure to ADRs and GDRs 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 and GDRs are often less liquid than the underlying stocks). Bankruptcy events in respect of the depositary banks may lead to trading suspension and thereafter a freeze of the price of ADRs or GDRs affected, which may negatively affect the performance and/or liquidity of the Sub-Fund.
- Also, holders of ADRs and GDRs generally do not have the same right as the direct shareholders of the underlying stocks. The performance of ADRs and GDRs may also be impacted by the related fees, for example fees charged by banks for the custody of underlying assets of depositary receipts.

#### **11. Foreign exchange risk**

- 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.

**12. Trading differences risks**

- As the NYSE and the NASDAQ 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 and the SEHK may also increase the level of premium or discount of the Share price to its NAV.

**13. 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.

**14. 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.

**15. Risk of early termination**

- The Sub-Fund may be terminated early under certain circumstances, for example, where 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.

**16. 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.

**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**

<b>Fee</b>	<b>What you pay</b>
<b>Brokerage fee</b>	At market rates <sup>1</sup>
<b>Transaction levy</b>	0.0027% <sup>2</sup>

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

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

<b>Accounting and Financial Reporting Council (“AFRC”) transaction levy</b>	0.00015% <sup>3</sup>
<b>Trading fee</b>	0.00565% <sup>4</sup>
<b>Stamp duty</b>	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.

	<b><u>Annual rate (as a % of the Sub-Fund’s NAV)</u></b>
<b>Management Fee*</b>	0.99% per annum
<b>Custodian Fee</b> (inclusive of fees payable to the Sub-Custodian)	Included in the Management Fee
<b>Registrar Fee</b>	Included in the Management Fee
<b>Performance Fee</b>	Nil
<b>Administration Fee</b>	Included in the Management Fee
<b>Other Ongoing costs</b>	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-metav> (the content of 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, 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 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 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

<sup>3</sup> AFRC transaction levy of 0.00015% of the trading price of the Shares, payable by each of the buyer and the seller.

<sup>4</sup> Trading fee of 0.00565% of the trading price of the Shares, payable by each of the buyer and the seller.

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.
- The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.