

**Fubon ETF Series II OFC  
Fubon NYSE FactSet Asia Battery and Energy Storage Technology Index ETF**
**Issuer: Fubon Fund Management (Hong Kong) Limited**
**30 September 2024**

- 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>	3405
<b>Trading board lot size:</b>	200 shares
<b>Manager:</b>	Fubon Fund Management (Hong Kong) Limited
<b>Sub-Manager:</b>	Fubon Asset Management Company Limited (Taiwan, internal delegation)
<b>Custodian:</b>	Cititrust Limited
<b>Registrar:</b>	Citicorp Financial Services Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	1.20%
<b>Estimated annual tracking difference<sup>##</sup>:</b>	-2.00%
<b>Index:</b>	NYSE FactSet Asia Battery and Energy Storage Technology Index (Net Total Return)
<b>Base currency:</b>	USD
<b>Trading currency:</b>	HKD
<b>Distribution policy:</b>	The Manager has discretion as to whether or not the Sub-Fund will make any distribution of dividends, the frequency of distribution and amount of dividends. Where distribution is made, the Manager may distribute income to Shareholders having regard to the Sub-Fund's net income after fees and costs. 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. Distributions out of capital or effectively out of capital may result in an immediate decrease of the net asset value (" <b>Net Asset Value</b> ") per share of the Sub-Fund.
<b>Financial year end:</b>	31 December
<b>ETF website:</b>	<a href="http://www.fubonetf.com.hk">www.fubonetf.com.hk</a> (This website has not been reviewed by the SFC)

<sup>#</sup> This is only an estimate because the Sub-Fund is newly established. It represents the estimated ongoing expenses chargeable to the Sub-Fund as a percentage of the estimated average Net Asset Value of the Sub-Fund over a 12-month period. This figure may vary from year to year. The actual figure may be different from the estimated figure. For the period from the launch of the Sub-Fund to 24 April 2024, the ongoing charges of the Sub-Fund are capped at 1.20% of the average Net Asset Value of the Sub-Fund during this period. Any ongoing expenses exceeding 1.20% of the average Net Asset Value of the Sub-Fund during this period will be borne by the Manager and will not be charged to the Sub-Fund.

<sup>##</sup> This is an estimated annual tracking difference. Investors should refer to the Sub-Fund's website for information on the actual tracking difference.

## What is this product?

- Fubon NYSE FactSet Asia Battery and Energy Storage Technology Index ETF (the “**Sub-Fund**”) is a sub-fund of Fubon ETF Series II 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.
- Registration with and authorisation by the SFC 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 are suitable for all investors nor do they represent an endorsement of their suitability for any particular investor or class of investors.
- The Sub-Fund is a passively managed index tracking exchange traded fund authorised under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds. The shares of the Sub-Fund (the “**Shares**”) are listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). These Shares are traded on the SEHK like listed stocks.
- The Sub-Fund is denominated in USD.

## Objective 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. There is no assurance that the Sub-Fund will achieve its investment objective.

### Strategy

In order to achieve the Sub-Fund’s investment objective, the Manager and the Sub-Manager intend to primarily use a full replication strategy through investing directly in the Index constituents in substantially the same weightings in which they are included in the Index. The Manager and the Sub-Manager will only invest in Index constituents which are China A-shares listed on the Shanghai Stock Exchange (the “**SSE**”) and the Shenzhen Stock Exchange (the “**SZSE**”) (including those listed on the ChiNext market and/or the Science and Technology Innovation Board (the “**STAR Board**”)) through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the “**Stock Connect**”).

Where the adoption of a full replication strategy is not efficient or practicable or where the Manager and the Sub-Manager consider appropriate in the best interest of the Sub-Fund and the shareholders, the Manager and the Sub-Manager may pursue a representative sampling strategy, and invest, directly or indirectly (for example, via investing not more than 10% of the Sub-Fund’s Net Asset Value in other exchange traded funds), in a representative sample of the securities in the Index that collectively reflects the investment characteristics of the Index and aims to replicate its performance. The Sub-Fund, in using a representative sampling strategy, may or may not hold all of the securities included in the Index, and may hold a portfolio of securities which are not included in the Index, provided that these collectively feature a high correlation with the Index.

The Sub-Fund may switch between the full replication strategy and the representative sampling strategy without prior notice to shareholders, in its absolute discretion, and as often as the Manager and the Sub-Manager believe is appropriate in order to achieve the investment objective of the Sub-Fund by tracking the Index as closely as possible to the benefit of shareholders.

In pursuing a representative sampling strategy, the Manager and the Sub-Manager may cause the Sub-Fund to deviate from the Index weighting 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.

## Fubon NYSE FactSet Asia Battery and Energy Storage Technology Index ETF

If any non-constituent of the Index is held in the portfolio, for reasons other than Index rebalancing and Index related corporate action, to enhance transparency the Manager will disclose the name and weighting of such non-constituent securities on the Manager's website immediately after the purchase and it will be reported daily until its disposal.

The Manager and the Sub-Manager may invest in financial derivative instruments such as futures with no more than 10% of the Sub-Fund's Net Asset Value for investment and hedging purposes.

The Manager and the Sub-Manager review the securities held in the Sub-Fund's portfolio each day on which each of the SEHK, the SSE, the SZSE, Tokyo Stock Exchange, Korea Exchange, Singapore Exchange, Taiwan Stock Exchange and Taipei Exchange (collectively, the "**Relevant Exchanges**") are open for normal trading, and the Index is compiled and published ("**Business Day**"). In order to minimize tracking error, the Manager and the Sub-Manager closely monitor factors such as any changes in the weighting of each security in the Index, suspension, dividend distributions and the liquidity of the Sub-Fund's portfolio. The Manager and the Sub-Manager will also conduct adjustment on the portfolio of the Sub-Fund regularly, taking into account tracking error reports, the index methodology and any rebalance notification of the Index.

The Manager and the Sub-Manager do not intend to engage in securities lending, sale and repurchase transactions and reverse repurchase transactions on behalf of the Sub-Fund.

### Index

NYSE FactSet Asia Battery and Energy Storage Technology Index is a rules-based, modified float-adjusted market capitalization-weighted equity benchmark designed to track the performance of companies listed on selected Asian exchanges (i.e. the SEHK, the SSE, the SZSE, Tokyo Stock Exchange, Korea Exchange, Singapore Exchange, Taiwan Stock Exchange and Taipei Exchange) that derive majority (50% or more) of revenues from industries related to battery and energy storage technology, such as in the manufacturing of batteries and related metal and chemical materials, technologies, and storage equipment in the battery value chain.

The Sub-Fund tracks the net total return version of the Index. A net total return index calculates the performance of the Index constituents on the basis that any dividends or distributions are reinvested after deduction of any taxes that may apply.

Constituents of the Index are reviewed quarterly. Constituent weights are capped at each quarterly Index reconstitution in the following order: (i) individual security weights are capped at 5%, with any excess amounts redistributed among the remaining securities on a pro-rata basis, subject to the 5% cap; and (ii) the aggregate weight of constituents listed on the SSE, the SZSE and the SEHK is capped at 50%, with any excess amounts redistributed among the remaining securities on a pro-rata basis, subject to the 5% cap. Securities that are capped at 5% in (i) above are not capped further here.

The Index was launched on 2 December 2022 and had a base level of 100.00 on 28 July 2017. As at 29 March 2024, it comprised 30 constituent stocks with market capitalisation of approximately USD 143.78 million. The base currency of the Index is USD.

The Index is compiled and managed by ICE Data Indices, LLC (the "**Index Provider**"). The Manager and each of its connected persons are independent of the Index Provider.

### Index constituents

You can obtain the most updated list of the constituents of the Index and their respective weightings (updated after each quarterly reconstitution), the last closing level of the Index, additional information including the index methodology, news and announcements of the Index from the website of the Index Provider at <https://indices.ice.com> (this website has not been reviewed by the SFC).

### Index codes

Bloomberg Code: ICFSABEN

Reuters Code: .ICFSABEN

## Use of derivatives / Investment in 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 as to the risk factors.**

### 1. General investment risk

- 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. Concentration risk

- As the Index constituents concentrate in companies listed on Asian exchanges that are involved in battery and energy storage technology industry, the investment of the Sub-Fund may be similarly concentrated. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. 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 Asian markets.

### 4. New index risk

- The Index is a new index launched on 2 December 2022. The Sub-Fund may be riskier than other exchange traded funds tracking more established indices with longer operating history.

### 5. Battery and energy storage technology industry risk

- The Sub-Fund invests in companies that are involved in the manufacturing of batteries and related material and chemical materials, technologies and storage equipment in the battery value chain, which may particularly be affected by the intense competition in such industry, the development of alternative sources of energy and the increasing demand for energy conservation. Factors such as competition pressures, rapid obsolescence of products, economic performance of customers, substantial capital expenditures, rapid obsolescence and potential shortages of raw materials or equipment may cause the value of securities in this sector to deteriorate.
- The battery and energy storage sector may be subject to government intervention, sanctions and trade protectionism. Companies in the sector may be adversely affected if the relationships with their technology partners are impaired or terminated. The battery and energy storage sector is also characterised by cyclical market patterns and periodic overcapacity. All these could harm the business and operating results of the companies in such industry.

### 6. Emerging markets risk

- The Sub-Fund invests in companies listed on the stock exchanges in Mainland China, Taiwan and Korea, which are emerging markets, and 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 and the likelihood of a high degree of volatility.

## 7. China A-shares market risk

- The China A-shares market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). High market volatility and potential settlement difficulties in the China A-shares market may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the Net Asset Value of the Sub-Fund.
- Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

## 8. Risks associated with the Stock Connect

- The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund's ability to invest in China A-shares or access market in Mainland China through the programme will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

## 9. Risks associated with ChiNext market and/or STAR Board

- *Higher fluctuation on stock prices and liquidity risk:* Listed companies on ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- *Over-valuation risk:* Stocks listed on ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- *Differences in regulation:* The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.
- *Delisting risk:* It may be more common and faster for companies listed on ChiNext market and/or STAR Board to delist. ChiNext market and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.
- *Concentration risk (applicable to STAR Board):* STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Sub-Fund to higher concentration risk.
- Investments in the ChiNext market and/or STAR Board may result in significant losses for the Sub-Fund and its shareholders.

## 10. PRC tax risk

- There are risks and uncertainties associated with the current tax laws, regulations and practice in Mainland China in respect of realised or unrealised capital gains, dividends or profit distributions derived by the Sub-Fund from investment via the Stock Connect on the Sub-Fund's investments in Mainland China (which may have retrospective effect). Any increase tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's Net Asset Value.
- Having consulted professional and independent tax advice, the Manager intends to make a provision of 10% on dividend from Mainland Chinese securities if withholding income tax ("WIT") is not withheld at source at the time when such income is received (where WIT is already held at source, no further provision will be made).

- Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

**11. Risk associated with small-capitalisation / mid-capitalisation companies**

- The Index may consist of shares of small-capitalisation / mid-capitalisation companies. The stock of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

**12. Currency risk**

- Assets of the Sub-Fund may be denominated in currencies other than USD (the base currency of the Sub-Fund). The Sub-Fund is subject to transaction costs in the exchange of such other currencies to USD. The performance and the Net Asset Value of the Sub-Fund may therefore be affected unfavourably by movements in the exchange rate between USD and such other currencies and changes in exchange rate control policies.

**13. Renminbi ("RMB") currency and conversion risks**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.
- Although offshore RMB ("CNH") and onshore RMB ("CNY") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

**14. USD distributions risk**

- Investors should note that, while the Shares will be traded in HKD, all Shares will receive distributions (if any) in USD only. In the event the relevant Shareholder has no USD account, the Shareholder may have to bear the fees and charges associated with the conversion of such distributions from USD into HKD or any other currency. Shareholders are advised to check with their brokers concerning arrangements for distributions.

**15. Trading differences risk**

- Each of the Relevant Exchanges have different trading hours. Investors will not be able to purchase or sell the Sub-Fund's Shares when the SEHK is not open for trading, even when the other Relevant Exchanges are open for trading and the value of the securities comprised in the Index (and in turn, the value of the Index) may continue to change.
- Difference in trading hours between the SEHK (where the Sub-Fund's Shares are traded) and the other Relevant Exchanges (where the underlying securities in the Index which are not listed on the SEHK are traded) may increase the level of premium/discount of the Share price to its Net Asset Value.
- China A-shares are subject to trading bands which restrict increase and decrease in the trading price. Shares listed on the SEHK are not. This difference may also increase the level of premium or discount of the Share price to its Net Asset Value.

**16. Passive investment risks**

- The Sub-Fund is passively managed and the Manager and the Sub-Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund and will not take defensive positions in declining markets. Falls in the Index are expected to result in corresponding falls in the Net Asset Value of the Sub-Fund.

**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 Net Asset Value of the Sub-Fund.
- 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. 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 and the Sub-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 by the Sub-Fund.

**19. Early termination risk**

- The Sub-Fund may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below USD5 million. Any amount recovered by a shareholder on termination of the Sub-Fund may be less than the capital initially invested by the shareholder, resulting in a loss to the shareholder.

**20. Reliance on market maker risks**

- Liquidity in the market for the Shares may be adversely affected if there is no or only one market maker for the Shares. The Manager will seek to mitigate this risk by ensuring 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. It is possible that there is only one SEHK market maker for the Sub-Fund, or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker. There is no guarantee that any market making activity will be effective.

**21. Risks associated with distribution out of / effectively out of capital**

- Payment of dividends out of capital and/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 investments. Any such distributions may result in an immediate reduction of the Net Asset Value per share.

**How has the Sub-Fund performed?**

Since the Sub-Fund is newly established, 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 the SEHK**

<b><u>Fee</u></b>	<b><u>What you pay</u></b>
<b>Brokerage fee</b>	Market rates
<b>Transaction levy</b>	0.0027% <sup>1</sup> of the trading price
<b>Trading fee</b>	0.00565% <sup>2</sup> of the trading price
<b>Accounting and Financial Reporting Council (“AFRC”) transaction levy</b>	0.00015% of the trading price <sup>3</sup>
<b>Stamp duty</b>	Nil

<sup>1</sup> Transaction levy of 0.0027% of the trading price of the Shares, payable by each of the buyer and the seller.

<sup>2</sup> Trading fee of 0.00565% of the trading price of the Shares, payable by each of the buyer and the seller.

<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.

**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.

<b><u>Fee</u></b>	<b><u>Annual rate (as a % of the Sub-Fund’s Net Asset Value)</u></b>
<b>Management fee*</b>	0.80% p.a.
<b>Sub-Manager fee</b>	Included in the management fee
<b>Custodian and administration fee*</b>	0.09% p.a., subject to a monthly minimum of USD3,000 per Sub-Fund (the monthly minimum is waived for the first 12 months from the launch of the Sub-Fund)
<b>Registrar fee</b>	USD640 per Sub-Fund per month
<b>Performance fee</b>	Not applicable

\* Please note that such fee may be increased up to a permitted maximum rate by providing 1 week’s prior notice to shareholders. Please refer to the “**FEES AND EXPENSES**” section of the Prospectus for details.

**Other fees**

You may have to pay other fees when dealing in Shares of the Sub-Fund.



## Additional Information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at [www.fubonETF.com.hk](http://www.fubonETF.com.hk) (this website has not been reviewed by the SFC) including:

- the Prospectus and this statement (as revised from time to time);
- the latest audited annual and unaudited interim financial reports of the Sub-Fund (in English only);
- any public announcements made by the Manager in respect of the Sub-Fund, including information in relation to the Sub-Fund and the Index, notices of the suspension of the creation and redemption of Shares, the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Shares;
- any notices relating to material changes to the Sub-Fund that may have an impact on its investors, including notices for material alterations or additions to the Prospectus or this statement or the Sub-Fund's constitutive documents;
- the near real time indicative Net Asset Value per Share of the Sub-Fund (updated every 15 seconds throughout each dealing day in HKD) during normal trading hours on the SEHK;
- the last Net Asset Value of the Sub-Fund in USD, and the last Net Asset Value per Share of the Sub-Fund in USD and HKD (updated on a daily basis on each dealing day);
- the past performance information of the Sub-Fund;
- the tracking difference and tracking error of the Sub-Fund;
- the full portfolio composition of the Sub-Fund (updated on a monthly basis within one month of the end of each month);
- the composition of distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months; and
- the latest list of the participating dealers and market makers.

The near real-time indicative Net Asset Value per Share in HKD and the last Net Asset Value per Share in HKD are indicative and for reference purposes only. The near real-time indicative Net Asset Value per Share in HKD uses a real-time USD:HKD foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Share in USD multiplied by a real-time USD:HKD foreign exchange rate provided by Bloomberg when the SEHK is opened for trading. The last Net Asset Value per Share in HKD is calculated using the last Net Asset Value per Share in USD multiplied by an assumed foreign exchange rate using the USD:HKD exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) as of the same dealing day when the SEHK is open for trading.

## 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.