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## **Global X ETF Series (the “Trust”)**

**Global X MSCI China ETF (Stock Code: 03040)**

**Global X Hang Seng High Dividend Yield ETF (Stock Code: 03110)**

**Global X CSI 300 ETF (RMB Counter Stock Code: 83127 HKD Counter Stock Code: 03127)**

**Global X China Biotech ETF (USD Counter Stock Code: 09820 HKD Counter Stock Code: 02820)**

**Global X China Cloud Computing ETF (USD Counter Stock Code: 09826 HKD Counter Stock Code: 02826)**

**(each a “Sub-Fund” and collectively, the “Sub-Funds”)**

*(Each a sub-fund of Global X ETF Series, a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Notice to Unitholders – Addition of Securities Lending Transactions in Investment Strategies of the Sub-Funds and non-compliance with Chapter 7.1A of the SFC Code on Unit Trusts and Mutual Funds (the “Code”)**

Dear Unitholders,

Unless otherwise defined, all capitalised terms shall have the same meaning as are given to such terms in the Prospectus of the Trust dated 28 April 2020.

### **A. Addition of Securities Lending Transactions in Investment Strategies of the Sub-Funds**

Mirae Asset Global Investments (Hong Kong) Limited, manager of the Trust (the “**Manager**”), wishes to inform Unitholders of the Sub-Funds that, with effect from the date of this notice (the “**Effective Date**”), the investment strategy of each of the Sub-Funds shall be amended such that each of the Sub-Funds may enter into securities lending transactions to a maximum level of up to 25% and expected level of approximately 20% of the Net Asset Value of each respective Sub-Fund (the “**Change**”).

The Manager will be 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-Funds 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. As part of the securities lending transactions, each of the Sub-Funds must receive cash and/or non-cash collateral of 100% of the value of

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the securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be subject to safekeeping by the Trustee or an agent appointed by the Trustee. Non-cash collateral received may not be sold, re-invested or pledged. Any re-investment of cash collateral received shall be subject to the requirements as set out in the sub-section titled "Collateral" of the section headed "Investment and Borrowing Restrictions" in Part 1 of the Prospectus.

To the extent the Sub-Funds undertake securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a securities lending agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Sub-Funds. The cost relating to securities lending transactions will be borne by the borrower.

**B. Reasons for the Change**

The reasons for the Change are to enhance efficient portfolio management and allow the Manager to maintain greater flexibility for the Sub-Funds to engage in securities lending transactions to achieve their respective investment objectives.

**C. Additional Risks due to the Change**

Each of the Sub-Funds will be subject to additional risks associated with securities lending transactions due to the Change, as set out below:

*Counterparty risk* – The borrower may fail to return the securities in a timely manner or at all. A Sub-Fund may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the relevant Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

*Collateral risk* – As part of the securities lending transactions, each of the Sub-Funds must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the relevant Sub-Fund if the borrower fails to return the securities lent out. Each of the Sub-Funds may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

*Operational risk* – By undertaking securities lending transactions, each of the Sub-Funds is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Sub-Funds' ability in meeting delivery or payment obligations from redemption requests.

The risk disclosures in the Prospectus of the Trust (including the Appendix of each of the Sub-Funds) and the Product Key Facts Statement ("KFS") of each of the Sub-Funds will be updated accordingly. Please refer to the section "General" below for further details. Investors are urged to consider the risks of the investments of the Sub-Funds.

**D. Impact on the Sub-Funds**

Other than as outlined above, the Change is not expected to change the operation of the Sub-Funds and/or manner in which each Sub-Fund is being managed or have effects on existing investors. Other than the additional risks disclosed above, there will not be any material changes or increase in the overall risk profile of each of the Sub-Funds following the Change.

There are no changes in the fee level/cost in managing each Sub-Fund as a result of the Change.

The Manager does not expect a substantive change to the ongoing charges figures of each of the Sub-Funds. The Manager will monitor the ongoing charges figures and, if necessary, update the figures in the KFS, in accordance with the relevant SFC guidance.

The costs (including legal fees and translation fees) incurred in connection with the changes described in this Announcement will be approximately HK\$45,000 per Sub-Fund and borne by each Sub-Fund respectively. These costs are not expected to be material to the Sub-Funds, and hence are not expected to pose any material impact to the Net Asset Value of each of the Sub-Funds nor any significant adverse impact to Unitholders.

The Manager determines that there are no matters or impact arising from the Change that may materially prejudice the existing investors' rights or interests. The Change does not require Unitholders' approval. The Trustee does not have any objection to the Change.

**E. Non-compliance of Global X MSCI China ETF with Chapter 7.1A of the Code**

A collective investment scheme authorised by the SFC under the Code is usually subject to the investment restriction under Chapter 7.1A of the Code, which provides that subject to Chapters 7.1 and 7.28(c) of the Code, the aggregate value of that scheme's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of that scheme:

- (a) investments in Securities issued by such entities;
- (b) exposure to such entities through underlying assets of FDIs; and
- (c) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs.

Given the index tracking nature of the Global X MSCI China ETF and the nature of its index, MSCI China Index, upon consultation with the SFC and as permitted under Chapter 8.6(h)(b) of the Code, the aggregate value of the Global X MSCI China ETF's investments in, or exposure to, entities within the same group through investments in Securities issued by such entities is subject to a cap of 25% (not 20%) of the Net Asset Value of the Global X MSCI China ETF, subject to the condition that the Global X MSCI China ETF will not use derivatives for any purpose.

The Prospectus will also be updated in this connection.

**F. General**

The revised Prospectus and each KFS will be published on the Manager's website at [www.am.miraeasset.com.hk/globalx](http://www.am.miraeasset.com.hk/globalx)<sup>2</sup> and the HKEx's website at [www.hkex.com.hk](http://www.hkex.com.hk) on or around the Effective Date.

Investors who have any enquiries regarding the above may contact the Manager at Level 15, Three Pacific Place, 1 Queen's Road East, Hong Kong or our enquiry hotline at (852) 2295-1500 during office hours.

The Manager accepts responsibility for the accuracy of the contents of this notice.

**Mirae Asset Global Investments (Hong Kong) Limited  
as Manager of the Sub-Funds  
Date: 3 June 2020**

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<sup>2</sup> This website has not been reviewed or approved by the SFC.