

IMPORTANT

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Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (Stock Code: 07362)

Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (Stock Code: 07230) (collectively the "Products") the sub-funds of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")

(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)¹

Notice to Unitholders – Changes to the Hang Seng China Enterprises Index

Dear Unitholders,

As disclosed in the Prospectus of the Products, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product tracks the performance of a short position on the Hang Seng China Enterprises Index (the "Index") on a daily basis, whereas Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product tracks two times the performance of the Index on a daily basis.

We, as the Manager of the Trust and the Products, understand from Hang Seng Indexes Company Limited ("HSIL"), the index provider of the Index, that the changes as described in Section A below (collectively the "Index Changes") were made to the Index with effect from 17 June 2019 (the "Effective Date").

A. Index Changes

In order to enhance the Index's representativeness as the "China index of the Hong Kong market", HSIL will implement the following changes to the Index with effect from the Effective Date:

(i) **Removal of the limit on Red-chip and P-chip constituents**

From the Effective Date, this limit will be removed (before the Effective Date, the number of Red-chip and P-chip constituents in the Index was fixed at 10 in total). The total number of constituents of the Index will remain at 50. The inclusion and removal of Index constituents will thereafter be based on the combined market capitalisation ranking (calculated in accordance with the formula set out in the Prospectus of the Products) of all eligible H-Shares, Red-chips and P-chips, subject to the transitional arrangements described in the following paragraph.

To minimise the potential impact on the market, on each of the first two rebalancing dates of the Index following the change, the maximum number of constituent changes will be limited at 5 and a maximum of 5 new Red-chips and/or P-chips may be included in the Index, as illustrated in the table below.

Constituent type	Rebalancing date		
	17 June 2019	9 September 2019	9 December 2019 onwards
H-Share constituents	Minimum of 35	Minimum of 30	No maximum/minimum

¹ SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Red-chip and/or P-Chip constituents	Maximum of 15	Maximum of 20	No maximum/minimum
Total	50	50	50

(ii) Introduction of a “Fast Entry Mechanism”

Previously, Red-chips and P-chips must have a minimum listing history of 3 years (for companies listed through an IPO) or 6 years (for companies listed through a backdoor listing) to be eligible for inclusion in the Index. From the Effective Date, the minimum listing history requirement applicable to Red-chips and P-chips is 3 years regardless of the means of listing, and a “Fast Entry Mechanism” is introduced, reducing the minimum listing history requirement for Red-chips or P-chips ranking within top 10 and top 11 to 20 among Mainland companies in terms of market value to 1 year and 2 years respectively. The listing history requirements applicable to Red-chips and P-chips are summarised in the table below.

Market value ranking among Mainland companies	Listing history requirement
Top 10	1 Year
11 to 20	2 Years
Below 20	3 Years

B. Impact to the Products

For the avoidance of doubt, (i) the investment objective and policies of the Products will remain unchanged, except for the change to the Products’ exposure to the inverse or leveraged performance (as the case may be) of Red-chips and P-chips due to the Index Changes; (ii) the Index Changes will not amount to material changes to the Products; (iii) the Index Changes will not affect the acceptability of the Index under the SFC’s Code on Unit Trusts and Mutual Funds; (iv) the Products’ normal operation will not be disrupted; (v) there will be no material change or increase in the overall risk profile of the Products; and (vi) the Index Changes do not materially prejudice the interests of Unitholders.

C. Prospectus and the Product Key Facts Statements

The Prospectus and the Product Key Facts Statements of the Products will be updated on or after the Effective Date to reflect the changes described above. The updated Prospectus and the Product Key Facts Statement will be published on the Manager’s website (<http://www.horizonsetfs.com.hk>) on or after the Effective Date. Please note that the information published on the Manager’s website is not reviewed or approved by the SFC.

If you have any questions concerning the above, please contact us 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

26 August 2019