



For Hong Kong Investors Only

# 3040

# Global X MSCI China ETF



<https://www.globalxetfs.com.hk/>

## Important Information

Investors should not base investment decisions on this material alone. Please refer to the Prospectus for details including the product features and the risk factors. Investment involves risks. There is no guarantee of the repayment of principal. Investor should note:

- **Global X MSCI China ETF's** (the "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.
- The Fund has a portfolio investing in companies whose operations are primarily in the PRC and therefore is subject to emerging market risks such as risks associated with uncertainty concerning PRC laws and regulations and government policies. Generally, investment in emerging markets such as the PRC are subject to greater risks than developed markets due to greater political, economic and taxation uncertainty and risks linked to volatility, market liquidity, foreign exchange, legal and regulatory risks.
- The Fund is subject to concentration risk as a result of tracking the performance of a single geographical region i.e. the PRC. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- The trading price of the Fund's unit (the "Unit") on the Stock Exchange of Hong Kong is driven by market factors such as demand and supply of the Unit. Therefore, the Units may trade at a substantial premium or discount to the Fund's net asset value.
- As part of the securities lending transactions, there is a risk of shortfall of collateral value due to inaccurate pricing of the securities lent or change of value of securities lent. This may cause significant losses to the Fund. The borrower may fail to return the securities in a timely manner or at all. The Fund may suffer from a loss or delay when recovering the securities lent out. This may restrict the Fund's ability in meeting delivery or payment obligations from realisation requests.

COM-2024-10-04-HK-R-MK\_Flyer

# Global X MSCI China ETF (3040)



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## Investment Case

- **All China Exposure:** Enable investors to access a basket of over 600 China securities listed in Hong Kong, China A and others via a single trade.
- **Unprecedented monetary and fiscal policy stimulus** combo launched at end September substantially elevated market sentiments. Further policy (consumption, property, and capital market related) roll out and execution could support real economy recovery.
- **Undemanding valuation:** Despite recent rally, MSCI China still trades at a discount to other EM markets.
- Major internet platforms delivers solid earnings through cost optimization and quality-focused growth strategy. With the solid free cash flow generated by their core business, major internet platforms are proactively returning excess cash to investors through share repurchase and cash dividend.
- EV sales momentum remains strong in China, with EV penetration close to 50%. Improving Supply-demand dynamics in Battery sector will also support a recovery in capacity utilization rates.

## The ETF With the Lowest Fees Tracking MSCI China

### Product Comparison

Ticker	Name	Expense Ratio
<b>3040 HK</b>	<b>Global X MSCI China ETF</b>	<b>0.18%</b>
	ETF 1	0.20%
	ETF 2	0.28%
	ETF 3	0.29%
	ETF 4	0.59%
	ETF 5	0.65%

Source: Mirae Asset, Bloomberg, June 2024.

## China is Trading at Undemanding Valuation

### MSCI China - Forward P/E



Source: FactSet; Jefferies; Mirae Asset; October 2024

## Unprecedented Stimulus Supports China Market Rebound

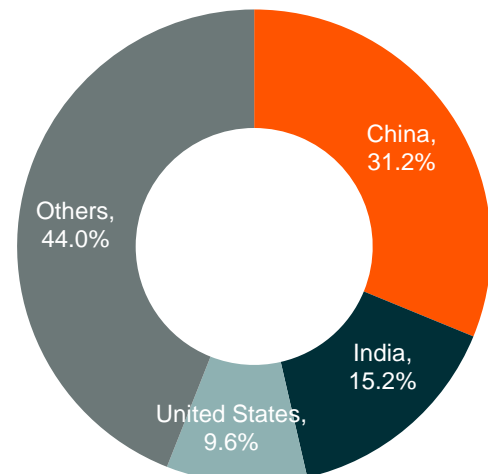
### China Stimulus Policy Summary

	New policy easing measures	vs. Market expectation
Stock Market	Rmb500bn swap facilities for qualified insurance companies, asset management firms, and securities to conduct stock purchases Rmb300bn relending facilities with interest rate at 1.75% to listed companies for stock buyback	<b>Strong Beat</b>
Housing Market	Interest rate on social housing relending tool effectively lowered by ~75bps, as PBoC now provides 100% (up from 60%) of the loan principal at 1.75% Down payment ratio for 2nd homes lowered by 10pp to a record low of 15% (same as 1st home) *50bps cut in existing mortgage rate, toward the levels close to new mortgage rate	<b>Beat</b> <b>Beat</b> <b>In line</b>
Cuts on RRR and policy rates	50bps RRR cut; forward guidance (first time) to cut another 25-50bps by year-end 20bps cut in policy rate (7d OMO), which will guide down lending and deposit rates by 20-25bps simultaneously	<b>Beat</b> (Consensus: 25bps cut by year-end) <b>Slight Beat</b> (10-15bps cut by year-end)

Source: Morgan Stanley, September 2024

## Largest Economic Growth Contributor

### Contribution of 10Y Economic Growth (2013 - 2023)



Source: World Economics, Dec 2013 to Dec 2023

# Global X MSCI China ETF (3040)



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## Broadly Diversified Across Sectors

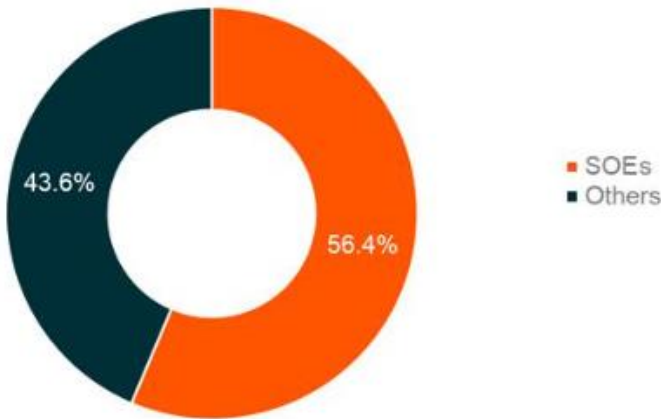


● Consumer Discretionary	28.5
● Communication Services	22.7
● Financials	17.6
● Information Technology	5.9
● Industrials	4.9
● Consumer Staples	4.1
● Energy	3.9
● Health Care	3.9
● Materials	3.3
● Utilities	2.7
● Real Estate	1.9
● Cash	0.7

Source: Bloomberg; Data as of 30 August 2024

## 50% of Index Constituents are SOEs

SOE Allocation in MSCI China



Source: FactSet; Bloomberg; Data as of 30 Aug 2024

## Supportive Policies to Stabilize Property Sector

Date	Property Policy
12-Jan-24	MOHURD and NAFR jointly announced 'Whitelist Projects' to support property projects delivery
20-Feb-24	PBOC lowers 5Y LPR by 25bps to 3.95%
11-Mar-24	Media reported that Vanke will receive financing supports from Banks as encouraged by government
30-Apr-24	Central Government announced in Politburo Meeting that it will coordinate policy for destocking and housing completion
17-May-24	MoHURD and other departments announced that government will acquire inventory for central housing
17-May-24	PBOC lowered minimum down payment ratio for first time homebuyers from 20% to 15%. Removed mortgage rate floor, cut provident fund mortgage rates by 25 bps.
27-May-24	Shanghai lowered down payment ratio, mortgage rate, relaxed purchase restriction, and encouraged corporates and SOEs to purchase property for rental housing.
24-Sep-24	Further cut downpayment ratio, cut 50bps in existing mortgage rate; Lower interest rate on social housing relending tool by 75bps.
Sep-Oct 24	4 tier-1 cities further eased home purchase restrictions

Source: PBOC, Ministry of Housing and Urban-Rural Development, National Administration of Financial Regulation, Media reports. October 2024

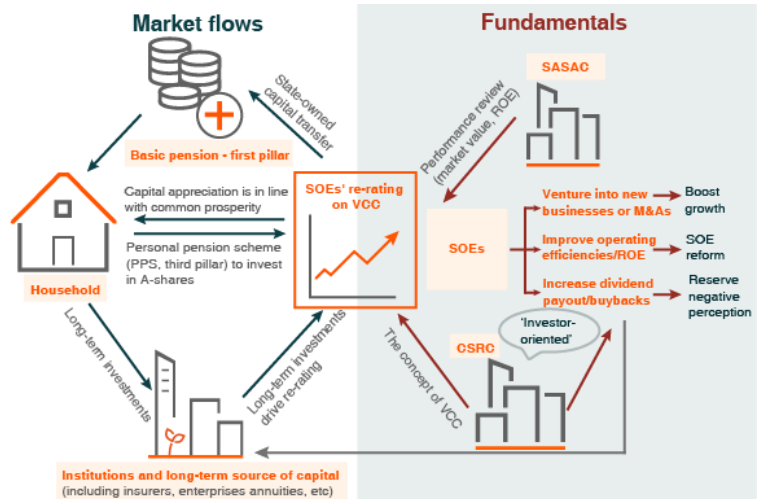
## Broadly Diversified Across Companies

### Top 10 Companies (%)

Tencent	17.3
Alibaba	8.7
Meituan	4.1
China Construction Bank	3.6
PDD Holdings Inc.	3.1
Xiaomi Corp.	2.0
Industrial and Commercial Bank of China	2.0
Bank of China	1.9
BYD	1.7
Ping An Insurance	1.7

Source: Bloomberg, Mirae Asset ; Data as of 30 Aug 2024

## Valuation System with Chinese Characteristic to Drive Re-rating of SOEs



Source: UBS-S

## Key Information

Listing Date	2013.06.17
Ongoing Charges over a Year <sup>1</sup>	0.18%
Exchange	HKEX
Reference Index <sup>2</sup>	MSCI China Index

1. The Fund adopts a single management fee structure, whereby a single flat fee will be paid out of the assets of the Fund to cover all of the costs, fees and expenses of the Fund. The ongoing charges figure is an annualised figure based on the ongoing expenses of the Fund, expressed as a percentage of the Fund's average net asset value over the same period. This figure may vary from year to year. The Fund adopts a single management fee structure, whereby a single flat fee will be paid out of the assets of the Fund to cover all of the costs, fees and expenses of the Fund. The ongoing charges of the Fund are fixed at 0.18% of the Fund's net asset value, which is equal to the current rate of the management fee of the Fund. For the avoidance of doubt, any ongoing expenses of the Fund exceeding the ongoing charges of the Fund (i.e. the management fee) shall be borne by the Manager and shall not be charged to the Fund. Please refer to the Key Facts Statement and the Prospectus for further details. 2. The Underlying Index is a net total return, modified free float-adjusted market capitalization weighted index. A net total return index reflects the reinvestment of dividends or coupon payments, after deduction of any withholding tax (including any surcharges for special levies, if applicable).

# Fund Map

Global X ETFs Hong Kong



A lineup that spans emerging trends and disruptive tech, income, core and commodities ETFs. Or simply put, we strive to offer investors something beyond ordinary.

This document is intended for Hong Kong Investors only.

The following list consists of ETFs traded on the HKD counter (excluding USD and RMB counters). October 2024.

Investing in the Equity ETF(s) may expose to risks (if applicable) including general investment risk, equity market risk, sector/market concentration risk, active / passive investment management risk, tracking error risk, trading risk, risk in investing financial derivative instruments, securities lending risk, distributions paid out of capital or effectively out of capital risk.  
Investing in the S&P Crude Oil Futures Enhanced ER ETF may expose to risks (if applicable) including passive investment risk, crude oil market risk, futures contracts risk, risk of material non-correlation with spot/current market price of the West Texas Intermediate crude oil risk, margin risk, trading risk, risk of investing in fixed income securities, tracking error risk, termination risk.  
Investing in the USD Money Market Active ETF may expose to risks including general investment risk, active investment management risk, interest rate risk, risks associated with bank deposits, concentration risk, currency risk, trading risk, credit rating risk, downgrading risk, counterparty risk and distributions paid out of capital or effectively out of capital risk.  
Investing in the Fixed Income Passive ETF(s) may expose to risks (if applicable) including general investment risk, passive investment management risk, interest rate risk, emerging markets risk, risks associated with PRC inter-bank bond market, Foreign Access Regime and Bond Connect, concentration risk, RMB/USD currency risk, securities lending risk, trading risk, credit rating risk, downgrading risk, counterparty risk, tracking error risk and distributions paid out of capital or effectively out of capital risk.  
Investing in the Covered Call Active ETF may expose to risks (if applicable) including active investment management risk, futures contracts risk, margin requirement risk, failure of clearing house risk, concentration risk, securities lending transaction risks, currency risk, distributions paid out of capital or effectively out of capital risk, and trading risks.



## THEMATIC GROWTH

### CHINA

#### DISRUPTIVE TECHNOLOGY

**2845** Global X China Electric Vehicle and Battery ETF

**3191** Global X China Semiconductor ETF

**2826** Global X China Cloud Computing ETF

**2807** Global X China Robotics and AI ETF

#### PEOPLE & DEMOGRAPHICS

**2820** Global X China Biotech ETF

**2841** Global X China MedTech ETF

**2806** Global X China Consumer Brand ETF

#### PHYSICAL ENVIRONMENT

**2809** Global X China Clean Energy ETF

#### MULTI-THEME

**3050** Global X China Global Leaders ETF

**2815** Global X China Little Giant ETF

### GLOBAL

#### DISRUPTIVE TECHNOLOGY

**3185** Global X FinTech ETF

**3139** Global X Electric Vehicle and Battery Active ETF

**3006** Global X AI & Innovative Technology Active ETF

### ASIA

#### DISRUPTIVE TECHNOLOGY

**3119** Global X Asia Semiconductor ETF

#### MULTI-THEME

**3150** Global X Japan Global Leaders ETF

**3184** Global X India Select Top 10 ETF

**3158** Global X K-pop and Culture ETF



## COMMODITIES

#### COMMODITIES

**3097** Global X S&P Crude Oil Futures Enhanced ER ETF



## CORE

#### CORE

**3040** Global X MSCI China ETF

**2837** Global X Hang Seng TECH ETF

**3029** Global X Hang Seng ESG ETF



## INCOME

#### DIVIDEND

**3110** Global X Hang Seng High Dividend Yield ETF

**3116** Global X Asia Pacific High Dividend Yield ETF

**3419** Global X HSI Components Covered Call Active ETF

**3416** Global X HSCEI Components Covered Call Active ETF

Dividend is not guaranteed and may be paid out of capital

#### FIXED INCOME

**3059** Global X Bloomberg MSCI Asia Ex Japan Green Bond ETF

**3041** Global X FTSE China Policy Bank Bond ETF

**3137** Global X USD Money Market ETF

**3075** Global X Asia USD Investment Grade Bond ETF

**3450** Global X US Treasury 3-5 Year ETF

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