Issuer: Mirae Asset Global Investments (Hong Kong) Limited

# PRODUCT KEY FACTS

GLOBAL X by Mirae Asset

**Global X ETF Series-**
**Global X CSI 300 ETF**
**October 2021**

- **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

| | | |
|---|---|---|
| **Stock code:** | 83127 – RMB counter | 03127– HKD counter |
| **Trade lot size:** | 100 Units – RMB counter | 100 Units – HKD counter |
| **Fund Manager & RQFII Holder:** | Mirae Asset Global Investments (Hong Kong) Limited | |
| **Trustee:** | Cititrust Limited | |
| **Custodian:** | Citibank, N.A. | |
| **PRC Custodian:** | Industrial and Commercial Bank of China Limited | |
| **Administrator:** | Citibank, N.A., Hong Kong Branch | |
| **Ongoing charges over a year*:** | 2.49% | |
| **Tracking difference of the last calendar year **:** | 0.35% | |
| **Underlying Index:** | CSI 300 Index | |
| **Base currency:** | Renminbi (“RMB”) | |
| **Trading currency:** | RMB – RMB counter<br>Hong Kong dollars (“HKD”) – HKD counter | |
| **Dividend policy:** | Global X CSI 300 ETF aims to pay annual cash distribution (in May each year) at the Manager’s discretion. The amount or rate of distribution (if any) is not guaranteed. **Distributions on all Units (whether traded in HKD or RMB counter) will be in RMB only.** | |
| **Financial year end of the Sub-Fund:** | 31 March | |
| **ETF Website:** | https://www.globalxetfs.com.hk/ | |

* The ongoing charges figure is an annualized figure based on the expenses for the period from 1 April 2021 to 30 September 2021. It represents the sum of the ongoing expenses chargeable to the Sub-Fund for the above period expressed as a percentage of the Sub-Fund’s average Net Asset Value over the same period, annualized to give an ongoing charges figure over a year. The figure may vary from year to year.

** This is the actual tracking difference of the calendar year ended 31 December 2020. Investors should refer to the Sub-Fund’s website for more up-to-date information on actual tracking difference.

## What is this product?

- Global X CSI 300 ETF (the “Sub-Fund”) is an investment fund of the Global X ETF Series, which is an umbrella unit trust established under Hong Kong law. The Sub-Fund is an index tracking ETF falling under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds (the “Code”). The units of the Sub-Fund (the “Units”) are traded on The Stock Exchange of Hong Kong Limited (the “SEHK”) like stocks.

- The Sub-Fund is a physical ETF which invests directly in the domestic securities markets of the People's Republic of China (the "PRC") through the Manager's status as a renminbi qualified foreign institutional investor ("RQFII") and the Stock Connect (which comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect).

## Objective and investment strategy

### Objective

The Sub-Fund seeks to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the CSI 300 Index (the "Underlying Index").

### Strategy

The Manager intends to adopt a full replication strategy to achieve the investment objective of the Sub-Fund, by investing all, or substantially all, of the assets of the Sub-Fund directly in all securities constituting the Underlying Index in substantially the same weightings as these securities have in the Underlying Index (the "Replication Strategy"), through the RQFII status granted to the Manager by the State Administration of Foreign Exchange of the PRC (the "SAFE") and the Stock Connect. The Manager will not adopt a representative sampling strategy or any strategy other than the Replication Strategy without the prior approval of the SFC and not less than one month's prior notice to unitholders.

The Sub-Fund may also invest not more than 5% of its net asset value in money market funds and hold RMB cash and cash equivalents for cash management purpose.

The Manager has no intention to invest in financial derivatives instruments (including structured products or instruments) nor to engage in sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. Should there be a change in such intention, the Manager will seek prior approval of the SFC if required and not less than one month's prior notice (or such other notice period as agreed with the SFC) will be given to unitholders.

The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions with a maximum level of up to 25% and expected level of approximately 20% of its net asset value and is able to recall the securities lent out at any time.

As part of the securities lending transactions, the Sub-Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included) valued on a daily basis. The collateral will 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 Code. To the extent the Sub-Fund undertakes 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-Fund.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Part 1 of the Prospectus.

## Index

The Underlying Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The Underlying Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Share companies in the PRC. The Underlying Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd ("CSI"). The Underlying Index is quoted in RMB. The Underlying Index was launched on 8 April 2005 and had a base level of 1,000 on 31 December 2004. The Manager (and each of its connected persons) is independent of CSI.

The Underlying Index is a price return index. A price return index calculates the performance of the Underlying Index constituents on the basis that any dividends or distributions are not reinvested.

As at 31 March 2021, the Underlying Index had a total market capitalisation of RMB 42.51 trillion and 300 constituents.

## Index Constituents

Details of the index methodology of the Underlying Index, its list of constituents and their respective weightings can be found on www.csindex.com.cn (the website has not been reviewed or approved by the SFC).

Index Codes:

| | |
|---|---|
| Shanghai Stock Exchange Quote System Code: 000300 | Bloomberg Code: SHSZ300 |
| Shenzhen Stock Exchange Quote System Code: 399300 | Reuters Code: CSI300 |

## Use of derivatives / investment in derivatives

The Sub-Fund will not use derivatives for any purpose.

## What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including 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 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. Risk associated with high volatility of the market in the PRC**

- High market volatility and potential settlement difficulties in the PRC markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.

**4. Emerging market risk**

- China is an emerging market. The Sub-Fund invests in PRC companies which 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.

**5. Mainland China A-Share risks**

- Given that the A-Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and redemption of the Units may be disrupted. A participating dealer is unlikely to redeem or create the Units if it considers that A-Shares may not be available.
- The PRC imposes restrictions on foreign ownership or holdings of A-Shares. At worst, the Sub-Fund may not be able to achieve its investment objective.

**6. PRC market concentration risk**

- The Sub-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 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 PRC market.

**7. Securities lending transactions risk**

- The borrower may fail to return the securities in a timely manner or at all. The Sub-Fund may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.
- As part of the securities lending transactions, the Sub-Fund must receive cash collateral of at least 100% of the valuation of the securities lent valued on a daily basis. However, 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 Sub-Fund.
- By undertaking securities lending transactions, the Sub-Fund is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

**8. Risk associated with the Stock Connect**

- The relevant rules and regulations on 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 A-shares or access the PRC market 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. Risk associated with regulatory or exchanges requirements of the equity market in the PRC**

- Securities exchanges in the PRC 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.

**10. Risks associated with investment made through a RQFII regime**

- The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

**11. Dual Counter Risks**

- If there is a suspension of the inter-counter transfer of units between the counters and/or any limitation on the level of services by brokers and CCASS participants, unitholders will only be able to trade their Units in one counter only, which may inhibit or delay an investor dealing. The market price of Units traded in each counter may deviate significantly. As such, investors may pay more or receive less when buying or selling the Units traded in HKD on the SEHK than in respect of the Units traded in RMB and vice versa.

**12. PRC Tax Risks**

- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via RQFII status or Stock Connect on investments in the PRC (which may have retrospective effect).
- Based on professional and independent tax advice, the Sub-Fund does not currently make any withholding corporate income tax provision on the gross realised or unrealised capital gains derived from the trading of A-Shares.
- If actual tax is collected by the State Administration of Taxation of the PRC and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the net asset value of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing unitholders and subsequent unitholders will be disadvantaged as such unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

**13. RMB Trading and Settlement of Units Risk and RMB currency risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors in the Units are therefore 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.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**14. Trading differences risk**

- As the Shenzhen Stock Exchange and Shanghai Stock Exchange may be open when the Units 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 Units of the Sub-Fund.
- Differences in trading hours between the Shenzhen Stock Exchange and Shanghai Stock Exchange established outside Hong Kong and the SEHK may also increase the level of premium or discount of the Unit price to its net asset value.
- A-Shares are subject to trading bands which restrict increase and decrease in the trading price. Units listed on the SEHK are not. This difference may also increase the level of premium or discount of the Unit price to its net asset value.

**15. Passive investment risk**

- The Sub-Fund is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Sub-Fund. Falls in the Underlying Index are expected to result in corresponding falls in the value of the Sub-Fund.

**16. Trading risk**

- The trading price of the Units on the SEHK is driven by market factors such as demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to their net asset value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell the Units on the SEHK, investors may pay more than the net asset value per Unit when buying the Units on the SEHK, and may receive less than the net asset value per Unit when selling the Units on the SEHK. If the Manager considers appropriate, it is possible that a single PRC broker will be appointed for both the Shenzhen Stock Exchange and the Shanghai Stock Exchange and should, for any reason, the Manager be unable to use the relevant broker in the PRC, the operation of the Sub-Fund would be adversely affected and may cause the Units to trade at a premium or discount to their net asset value or the Sub-Fund may be unable to track the Underlying Index.
- The Units in the RMB counter are RMB denominated securities traded on the SEHK and settled in CCASS. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units. The limited availability of RMB outside the PRC may also affect the liquidity and trading price of the RMB traded Units.

**17. 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 Underlying Index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The Manager will monitor and seek to manage such risk in minimizing tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index.

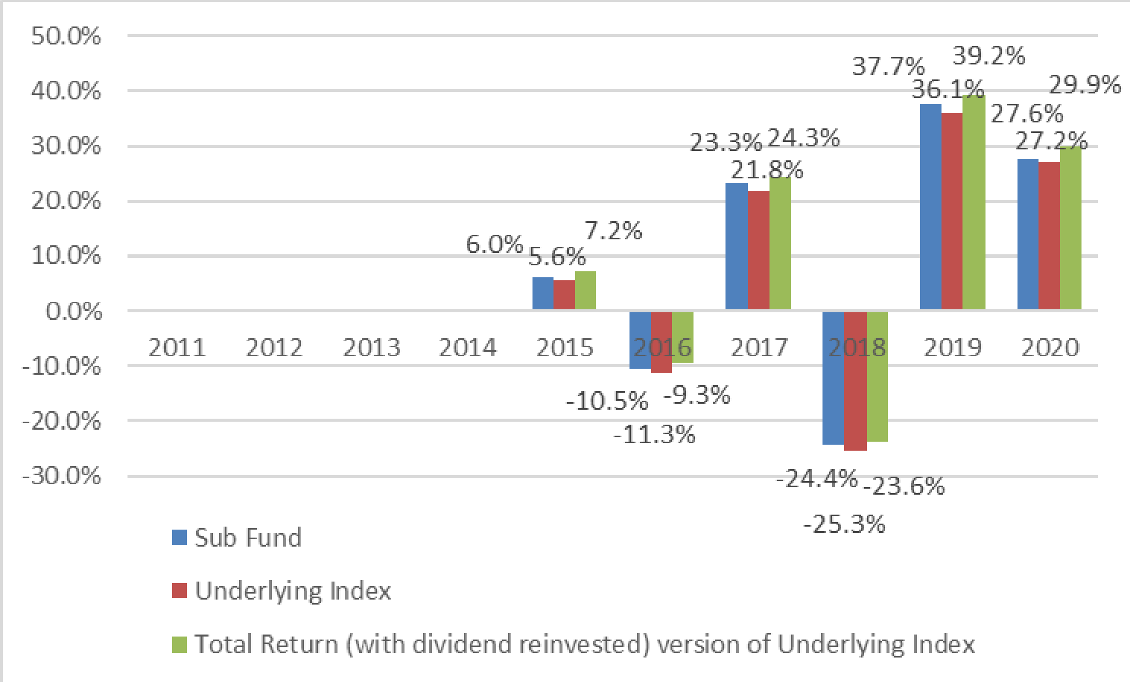
**18. Termination risks**

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the Sub-Fund falls below RMB100,000,000. Investors may not be able to recover their investments and suffer a loss when the Sub-Fund is terminated.

**19. Reliance on market maker**

- Although the Manager intends to use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units traded in each counter and that at least one market maker for each counter gives not less than 3 months' notice prior to terminating market making under the relevant market maker agreement, liquidity in the market for the Units may be adversely affected if there is no market maker for the RMB or HKD traded Units. There is also no guarantee that any market making activity will be effective.
- There may be less interest by potential market makers making a market in units denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Units.

## How has the Sub-Fund performed?




- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, without dividends reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year shown. Performance data has been calculated in RMB including ongoing charges and excluding trading costs on SEHK you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 19 September 2014

## 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**

| Fee | What you pay |
|---|---|
| **Brokerage fee** | Market rates |
| **Transaction levy** | 0.0027%[1] |
| **Trading fee** | 0.005%[2] |
| **Stamp duty** | Nil |
| **Inter Counter Transfer** | HK$5[3] |

[1] A Transaction Levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.
[2] A Trading Fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.
[3] HKSCC will charge each CCASS participant a fee of HK$5 per instruction for effecting an inter-counter transfer between one counter and the other counter. Investors should check with their brokers regarding any additional fees.

**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 which may affect the trading price.

| | **Annual rate (as a % of the Sub-Fund's net asset value)** |
|---|---|
| **Management fee*** | 0.25% |
| **Trustee fee*** | Up to 0.06% p.a. (subject to a minimum fee of US$2,500 per month) |
| The Sub-Fund pays a trustee fee to the Trustee, out of which the Trustee will pay the Custodian, the PRC Custodian and the Administrator. | |
| **Performance fee** | Not applicable |
| **Administration fee** | Not applicable |

*Please note that such a fee may be increased up to a permitted maximum amount by providing 1 month's prior notice to unitholders. Please refer to the "Fees and Charges" section of the Prospectus for details.

**Other fees**

You may have to pay other fees when dealing in the Units of the Sub-Fund. Please refer to the Prospectus for details.

## Additional Information

You can find the following information of the Sub-Fund, in both English and Chinese languages, at the following website at https://www.globalxetfs.com.hk/ (which has not been reviewed by the SFC):

- the Prospectus and this statement (as revised from time to time);
- the latest annual and interim financial reports (in English only);
- the last net asset value of the Sub-Fund in RMB only, and last net asset value per unit in RMB and in HKD;
- the near real time indicative net asset value per Unit updated every 15 seconds throughout each dealing day in RMB and HKD;
- the latest list of the participating dealers and market makers;
- the full portfolio information of the Sub-Fund (updated on a daily basis);
- any notices relating to material changes to the Sub-Fund which may have an impact on its investor such as material alterations or additions to the Prospectus or the Sub-Fund's constitutive documents;
- any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and the Underlying Index, the notices of the suspension of the creation and redemption of Units, the suspension of the calculation of the net asset value, changes in fees and the suspension and resumption of trading;
- the past performance information of the Sub-Fund;
- the ongoing charges of the Sub-Fund; and
- the actual tracking difference and tracking error of the Sub-Fund.

The near real time indicative net asset value per Unit in HKD is indicative and is for reference only. This is updated every 15 seconds during SEHK trading hours. The near real time indicative net asset value per Unit in HKD is calculated by ICE Data Services using the near real time indicative net asset value per Unit in RMB multiplied by a real time HKD:RMB foreign exchange rate provided by ICE Data Services Real-Time FX Rate. Since the indicative net asset value per Unit in RMB will not be updated when the underlying A-Share market is closed, the change to the indicative net asset value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last net asset value per Unit in HKD is indicative, is for reference only and is calculated using the last net asset value per Unit in RMB multiplied by the HKD:RMB exchange rate quoted by Thomson Reuters at 4:00pm (London Time) as of the same Dealing Day provided by the Trustee. When the underlying A-Share market is closed, the official last net asset value per Unit in RMB and the indicative last net asset value per Unit in HKD will not be updated. Please refer to the Prospectus for details.

## 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.