

## World Index Shares ETFs

# W.I.S.E. - Nasdaq Overseas China New Economy Companies Top 50 Index Tracker

(Stock Code: 03182)

**IMPORTANT NOTES:**

- Investment involves risks and W.I.S.E. - Nasdaq Overseas China New Economy Companies Top 50 Index Tracker (the "Fund") may not be suitable for everyone. Past performance is not indicative of future performance. The Fund is subject to market and exchange rate fluctuations and to the risks inherent in all investments. Price of Units and the income (if any) generated from the Fund may go down as well as up. Investors could face no returns and/or suffer significant loss related to the investments. There is no guarantee in respect of repayment of principal.
- The key risks to which the Fund is subject to include: general investment risk, currency risk, concentration/People's Republic of China ("PRC") market risk/emerging market risk, passive investment risk, tracking error risk, trading risk, American Depositary Receipts ("ADRs") risk, trading differences risks, equity market risk, termination risk, reliance on market maker risks and risk in relation to distribution.
- The Manager will normally make distributions out of net income received or receivable by the Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of the capital of the Fund, or the Manager may, in its discretion, pay distributions out of its gross income while charging/paying all or part of its fees and expenses to/out of the capital of the Fund, resulting in an increase in distributable income for the payment of distributions by the Fund and therefore, the Fund may effectively pay distributions out of capital. This may reduce the capital that the Fund has available for investment in future and may constrain capital growth.
- Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.
- Please refer to the offering document of the Fund for further details including investment objectives and policies, charges and expenses, risk factors, and the arrangement in the event that the Fund is delisted, before making any investment decision.

**Investment Objectives and Policies**

The Fund is an index-tracking exchange traded fund which seeks to track the performance of the Nasdaq Overseas China New Economy Companies Top 50 Index<sup>SM</sup> (the "Underlying Index"). In order to achieve the investment objective of the Fund, the Manager will adopt a representative sampling strategy for the Fund and the Fund will invest in a representative sample of the index securities of the Underlying Index ("Index Securities"). The Underlying Index is a diversified index consisting of 50 constituent securities listed on the Nasdaq, The New York Stock Exchange (NYSE) or NYSE American, or be a component of the Nasdaq Global Index (NQG) and listed on The Stock Exchange of Hong Kong Limited ("SEHK"), including but not limited to equity securities trading in the U.S. through American Depositary Receipts ("ADRs"). The Underlying Index is a modified market capitalization weighted index which is designed to capture the new drivers of the China Economy by investing into growth-related sectors. It includes the largest 50 companies from China (excluding A shares) that are classified as Consumer Goods, Health Care, Consumer Services or Technology according to the Industry Classification Benchmark (ICB) which is a globally recognized standard for company classification.

**Manager's Comment**

In August, Nasdaq Overseas China New Economy Companies Top 50 Index<sup>SM</sup> decreased by 1.38% to close at 761.13. For sector allocation as of August 30, Consumer Services comprises 36% of the index approximately, while Consumer Goods, Technology and Health Care account for around 28%, 26% and 9% respectively.

The People's Bank of China (PBOC) announced that China's foreign exchange reserves decreased from \$3.119 trillion to \$3.104 trillion in July, compared to the previous month. The International Monetary Fund provided little or no support for US Treasury's assertion that China is manipulating its currency for an unfair trade advantage. U.S. President Donald Trump said he will raise the tariff rate on both existing and planned levies on Chinese goods. The announcement came hours after China placed additional tariffs of 5% or 10% on about USD \$75 billion worth of U.S. goods in two batches effective on September 1 and Dec 15. Talks between China and U.S. continue amid escalating trade war.

In July, the total retail sales of consumer goods reached RMB3,307.3 billion, up by 7.6% year-on-year (YoY) nominal growth rate. From January to July 2019, the national online retail sales of goods and services was RMB5,597.2 billion (increased 16.8% YoY). The Consumer Price Index (CPI) rose by 2.8% YoY in July, higher than 2.7% YoY in June. The Producer Price Index (PPI) for manufactured goods fell by 0.3%, compared with no growth in June.

As of August 30, the NAV per unit of the Fund was HKD9.8835.

**Fund Data**

|                             |  |
|-----------------------------|--|
| Fund Manager                | BOCI-Prudential Asset Management Limited   |
| Trustee and Custodian       | BOCI-Prudential Trustee Limited  |
| Exchange Listing            | SEHK - Main Board  |
| Listing Date                | 12/9/2018  |
| Base Currency               | HKD  |
| Trading Currency            | HKD  |
| Ongoing Charges Over a Year | 0.6%   |
| Distribution (if any)       | Annually (if any) at the discretion of the Manager <sup>1</sup><br>(Distribution rate is not guaranteed; distribution may be paid out of capital. Please note points 3 & 4 of Important Notes) |
| Trading Board Lot Size      | 100 Units  |
| Fund Size (Million)         | HKD 15.42  |
| NAV per unit                | HKD 9.8835   |
| Website                     | www.boci-pru.com.hk  |

Please refer to the Prospectus for details of other fees and charges.

**Cumulative Performance<sup>1</sup> (HKD)**

|              | 3 Months (%) | Year To Date (%) | 1 Year (%) | 3 Years (%) | 5 Years (%) | Since Inception (%) |
|--------------|--------------|------------------|------------|-------------|-------------|---------------------|
| <b>Fund</b>  | 6.07%        | 12.43%           | -          | -           | -           | -1.16%              |
| <b>Index</b> | 6.20%        | 12.97%           | -          | -           | -           | -0.45%              |

**Calendar Year Performance<sup>2</sup> (HKD)**

|              | 2014 (%) | 2015 (%) | 2016 (%) | 2017 (%) | 2018 (%) |
|--------------|----------|----------|----------|----------|----------|
| <b>Fund</b>  | N/A      | N/A      | N/A      | N/A      | -12.09%  |
| <b>Index</b> | N/A      | N/A      | N/A      | N/A      | -11.87%  |

<sup>1</sup> 1 Year Performance will be shown from October 2019 issue.

<sup>2</sup> Calendar Year Performance for 2018 refers to the period from 10 September 2018 (the inception date of the Fund) to end of 2018.

The fund performance is calculated in fund's base currency on NAV-to-NAV basis with gross distribution reinvested (Source: BOCI-Prudential Asset Management Limited). The Nasdaq Overseas China New Economy Companies Top 50 Net Total Return Index (HKD) (Nasdaq: NQCNEWHKDN) is used to calculate index performance (Source: The NASDAQ Group, Inc.).

**Index Provider Disclaimer:** Nasdaq<sup>®</sup> and the Nasdaq Overseas China New Economy Companies Top 50 Index<sup>SM</sup> are registered trademarks of NASDAQ, Inc. (which with its affiliates is referred to as the "Corporations") and are licensed for use by BOCI-Prudential Asset Management Limited. W.I.S.E. - Nasdaq Overseas China New Economy Companies Top 50 Index Tracker (the "Fund") has not been passed on by the Corporations as to their legality or suitability. The Fund is not issued, endorsed, sold, or promoted by the Corporations. THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE FUND.

**IMPORTANT INFORMATION:** Investors should note that the Fund is different from a typical retail investment fund offered to the public in Hong Kong, in particular:

- The Units of the Fund may only be created and redeemed in Application Unit Sizes\* (as defined in the Prospectus) directly by Participating Dealer(s) or Eligible Investor(s) (as defined in the Prospectus);
  - There is risk related to divergence between the market price of the Units and the NAV of the Fund. The market price of the Units traded on the SEHK is determined not only by the NAV of the Fund but also by other factors such as the supply of and demand for the Units in the SEHK; and
  - The Units may trade at a substantial premium or discount to the Fund's NAV.
- c. As the Fund is newly set up, this is a best estimate figure based on the estimated ongoing expenses of the Fund expressed as a percentage of the NAV of the Fund. The actual figure may be different upon actual operation of the Fund and may vary from year to year. The expenses include (without limitation) management fee and charges and payments deducted from the assets of the Fund on a periodic basis but do not include certain items such as payments to third parties regarding costs incurred in relation to the acquisition or disposal of any assets of the Fund and taxes (if applicable). From the launch of the Fund up till the first financial year end (i.e. 31 December 2019), the ongoing charges figure is capped at a maximum of 0.6% of the NAV of the Fund. Any ongoing expenses of the Fund will be borne by the Manager and will not be payable by the Fund if such expense would result in the ongoing charges figure exceeding 0.6%. From the second financial year, the ongoing charges figure may be different when the expenses are payable by the Fund.

\* Minimum 780,000 Units (or multiples thereof). Investors may buy or sell Units of the Fund through an intermediary such as a Stockbroker on the SEHK. The Trading Board Lot Size is 100 Units.

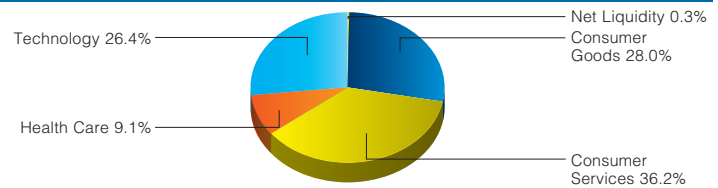
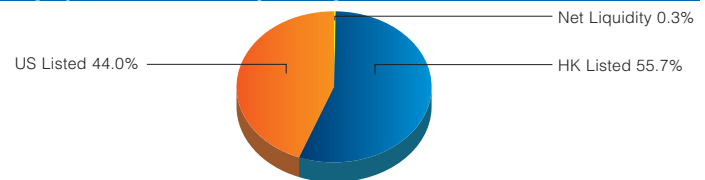
▲ The manager's comment above solely reflects the opinion, view and interpretation of the fund managers as of the date of issuance of this document.

◆ The Manager has discretion as to whether or not to make any distributions for the Fund, the frequency of distributions, the dates and the amount of distributions. The Manager also has the discretion to determine if and to what extent distributions will be paid out of capital of the Fund. Please refer to the Manager's website for the composition of the latest distribution (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital).

The information herein is based on sources believed to be reliable and the opinions contained herein are for reference only. BOCI-Prudential Asset Management Limited makes no representation, warranty or undertaking, whether express or implied, in relation to the information, projections or opinions in this document or the basis upon which any such projections or opinions have been based. All such information, projections and opinions are subject to change without notice. The document and the Manager's website have not been reviewed by the SFC.

Fund Manager, Data Source & Issuer: BOCI-Prudential Asset Management Limited

For further information, please call our enquiry hotline at 2280 8697.

**Sector Allocation****Geographical Allocation by Listing****Top Ten Holdings**

|                                 |      |
|---------------------------------|------|
| 1 ALIBABA GROUP HOLDING-SP ADR  | 8.2% |
| 2 TENCENT HOLDINGS LTD          | 7.2% |
| 3 JD.COM INC-ADR                | 5.7% |
| 4 NETEASE INC-ADR               | 5.0% |
| 5 BAIDU INC - SPON ADR          | 4.4% |
| 6 ANTA SPORTS PRODUCTS LTD      | 3.4% |
| 7 PINDUODUO INC-ADR             | 3.2% |
| 8 SHENZHOU INTERNATIONAL GROUP  | 3.1% |
| 9 CHINA RESOURCES BEER HOLDINGS | 2.9% |
| 10 NEW ORIENTAL EDUCATIO-SP ADR | 2.8% |

**Recent 12 Months Distribution History**

| Record Date | Distribution Per Unit | Fund Price on Record Date |
|-------------|-----------------------|---------------------------|
| -           | -                     | -                         |