

PRODUCT KEY FACTS  
**W.I.S.E. – SSE 50 China Tracker<sup>®\*</sup>**  
 (\*This is a synthetic ETF)  
 a sub-fund of the World Index Shares ETFs

2 March 2015

Issuer: BOCI-Prudential Asset Management Limited

- ***This is an 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**

<b>Stock code:</b>	03024
<b>Trading lot size:</b>	100 Units
<b>Fund Manager:</b>	BOCI-Prudential Asset Management Limited (the “ <b>Manager</b> ”)
<b>Trustee and Custodian:</b>	BOCI-Prudential Trustee Limited
<b>Ongoing charges over a year<sup>#</sup>:</b>	0.92%
<b>Underlying index:</b>	SSE 50 Index
<b>Tracking difference of the calendar year<sup>##</sup>:</b>	-3.09%
<b>Base currency:</b>	Hong Kong Dollars
<b>Distribution policy:</b>	Annually (if any) at the discretion of the Manager
<b>Financial year end:</b>	31 December
<b>ETF Website:</b>	<a href="http://www.boci-pru.com.hk/english/etf/intro.aspx">www.boci-pru.com.hk/english/etf/intro.aspx</a> (for English) <a href="http://www.boci-pru.com.hk/chinese/etf/intro.aspx">www.boci-pru.com.hk/chinese/etf/intro.aspx</a> (for Chinese)

**What is this product?**

W.I.S.E. – SSE 50 China Tracker<sup>®\*</sup>(\*This is a synthetic ETF) (the “**Sub-Fund**”) is a sub-fund under the World Index Shares ETFs, which is an umbrella unit trust established under the laws of Hong Kong. The Units of the Sub-Fund are listed on the Stock Exchange of Hong Kong Limited (“**SEHK**”). These units are traded on the SEHK essentially like shares.

<sup>#</sup> The ongoing charges figure is based on expenses for the period ended 30 June 2014. This figure may vary from year to year. The expenses include (without limitation) management fee and charges and payments deducted from the assets of the Sub-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 Sub-Fund and the holding of financial derivative instruments, withholding tax and capital gains tax.

<sup>##</sup> This is the actual tracking difference of the last calendar year. Investors should refer to the website of the Sub-Fund for more up-to-date information on actual tracking difference.

## Objective and Investment Strategy

### Objective

The Sub-Fund is an index-tracking exchange traded fund which seeks to provide investment performance (before taxes) that tracks the performance of the SSE 50 Index (the “**Underlying Index**”).

### Strategy

In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a representative sampling strategy for the Sub-Fund. The Sub-Fund, at present, primarily invests directly in A Shares via AXP, each of which is a derivative instrument linked to an A Share or a basket of A Shares. The Sub-Fund may also invest directly in A Shares via the Shanghai-Hong Kong Stock Connect<sup>###</sup>. Exposure to A Shares via the Shanghai-Hong Kong Stock Connect will, at the initial stage, not be more than 30% of the Sub-Fund’s Net Asset Value (“NAV”). The Manager may, subject to the market demands and conditions, the quota availability and the applicable regulatory requirements, vary the extent of the Sub-Fund's direct investment in A Shares as it considers appropriate.

The Manager intends to adopt a representative sampling strategy for the Sub-Fund. As a result, the Sub-Fund may not from time to time hold one or more AXP linked to A Shares of all the constituent securities of the Underlying Index. The Manager may overweight the A Shares directly held and the A Shares underlying the AXP(s) relative to the relevant A Shares’ respective weightings in the Underlying Index on the condition that the maximum extra weighting in any underlying A Share will not exceed four per cent (4%) under normal circumstances. In addition, the Sub-Fund may hold AXP linked to Baskets of A Shares or have direct holding of A Shares which may contain non-constituent stocks from time to time. AXP are derivative instruments issued by AXP issuers which, under the terms of the AXP, will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of an A share or a basket of A Shares.

The Sub-Fund will obtain collateral such that the collateral held by the Sub-Fund represents at least 100% of the Sub-Fund’s gross total counterparty risk exposure towards the AXP issuers with a view to ensuring that there is no uncollateralized counterparty risk exposure.

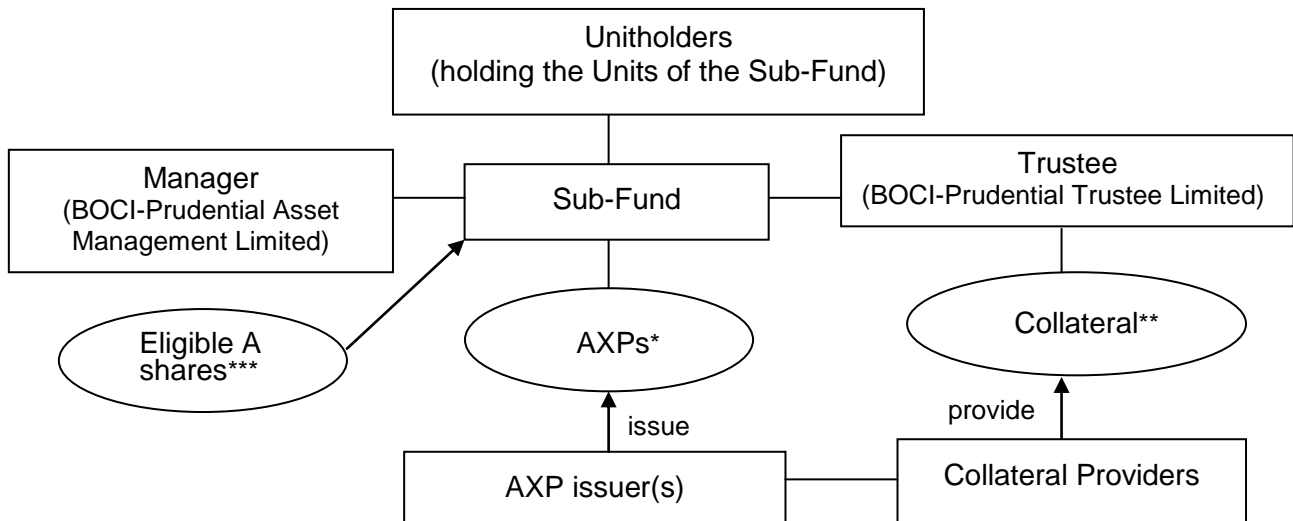
The Sub-Fund will not invest in any structured products and financial derivative instruments other than the AXP. Except for the purpose of provision of collateral where securities borrowing and lending arrangement may be used, the Sub-Fund will not enter into any repurchase agreements, stock lending transactions or other similar over-the-counter transactions.

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<sup>###</sup> The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program with an aim to achieve mutual stock market access between mainland China and Hong Kong. Through the Northbound Trading Link of the Shanghai-Hong Kong Stock Connect, investors, through their Hong Kong brokers and a securities trading service company to be established by the SEHK, will be able to place orders to trade eligible shares listed on Shanghai Stock Exchange (“SSE”) by routing orders to SSE. The Sub-Fund will be allowed to trade SSE securities through Shanghai-Hong Kong Stock Connect (through the Northbound Trading Link). More details are set out in Appendix I to the Prospectus.

## How does it work?

The Investment strategy of the Sub-Fund is illustrated in the diagram below.



\* A Share access product which provides an exposure to the economic gain/loss in the performance of an A Share or a basket of A Shares.

\*\*The Sub-Fund will obtain and maintain collateral at a level representing at least 100% of the Sub-Fund's gross total counterparty risk exposure towards the AXP issuers, with the value of the collateral marked to market by the end of each trading day with a view to ensuring that there is no uncollateralized counterparty risk exposure.

\*\*\* Exposure to A Shares via the Shanghai-Hong Kong Stock Connect will, at the initial stage, not be more than 30% of the Sub-Fund's NAV. The Manager may, subject to the market demands and conditions, the quota availability and the applicable regulatory requirements, vary the extent of the Sub-Fund's direct investment in A Shares as it considers appropriate.

### Collateral

In accordance with the Collateral Management Policy, collateral held by the Sub-Fund represents at least 100% of the Sub-Fund's gross total counterparty risk exposure towards the AXP issuers, with the value of the collateral marked to market by the end of each trading day with a view to ensuring that there is no uncollateralized counterparty risk exposure. Where collateral taken is in the nature of equity securities, the market value of such equity collateral shall represent at least 120% of the related gross counterparty risk exposure towards the AXP issuers.

The Manager will adopt a prudent hair-cut policy on any non-equity collateral taking into account all relevant factors, including without limitation, the credit quality, liquidity, duration and other relevant terms of the collateral held.

Currently, the collateral is in the form of constituent stocks of the Hang Seng Index, Hang Seng China Enterprises Index and/or Hang Seng Composite Index and/or SFC authorized physical RQFII ETF units (up to 10% of NAV of the Sub-Fund) or cash and cash equivalents. The collateral will not consist of any structural products.

Please refer to the website of the Sub-Fund for the Collateral Management Policy, a list of the AXP issuers, together with the approximate gross and net exposure to each AXP issuer and the composition of the collateral which will be updated on a weekly basis.

### AXP issuers

An AXP issuer must meet the following criteria: (i) it should be a QFII or belong to a QFII group; (ii) it

or the guarantor of the relevant AXP issued by it (if any) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (iii) it or the guarantor of the relevant AXP issued by it (if any) must be an institution with a minimum paid-up capital of the equivalent of HK\$150 million and a member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager. As at the date of appointment of the relevant AXP issuer, it or the guarantor of the relevant AXP (if any) should have a minimum credit rating of investment grade. The value of the AXPs and the collateral is marked to market on a daily basis. If the Sub-Fund has uncollateralized counterparty exposure, it will seek additional collateral from the relevant collateral provider(s). Please refer to the website of the Sub-Fund for the list of AXP issuers and the exposure to each AXP Issuer.

### Underlying Index

The Underlying Index is an index consisting of 50 constituent stocks which are the 50 largest stocks of good liquidity listed on the Shanghai Stock Exchange, and it is estimated that as of 28 November 2014, the 50 constituent stocks of the Underlying Index represent around 45% of the total market capitalisation of the Shanghai Stock Exchange. The objective of the Underlying Index is to reflect the performance of the good quality large enterprises, which are influential in the Shanghai Stock Exchange. The Underlying Index is a free-float market capitalisation weighted index. The Shanghai Stock Exchange has appointed China Securities Index Co., Ltd. (“CSI”), a joint venture between the Shenzhen Stock Exchange and Shanghai Stock Exchange, to manage the Underlying Index. CSI is independent of the Manager. The Underlying Index was formally launched on 2 January 2004.

As at 29 December 2014, the 10 largest constituent stocks of the Underlying Index (out of 50 constituent stocks) and their respective weightings are listed below:

Index Constituent	Weighting in Index
1. Ping An Insurance (Group) Company of China, Ltd.	9.07%
2. China Minsheng Banking Corp., Ltd.	7.77%
3. CITIC Securities Company Limited	6.77%
4. China Merchants Bank Co., Limited	6.74%
5. Haitong Securities Company Limited	4.85%
6. Industrial Bank Co., Ltd.	4.75%
7. Shanghai Pudong Development Bank Co., Ltd.	4.47%
8. China State Construction Engineering Corporation Limited	2.92%
9. China Pacific Insurance (Group) Co., Ltd.	2.68%
10. Bank of Communications Co., Ltd.	2.66%

For details, please refer to the website of the CSI ([www.csindex.com.cn](http://www.csindex.com.cn)).

### What are the key risks?

**Investment involves risks. Please also refer to the Prospectus for details including the risk factors.**

#### 1. *Synthetic replication, counterparty and liquidity risk -*

- The Sub-Fund, at present, invests primarily (at least 70% of its NAV) in the AXPs each of which is a derivative instrument linked to an A Share or a basket of A Shares (although the Manager may vary the exposure depending on the extent of the Sub-Fund's direct investment in A Shares via the Shanghai-Hong Kong Stock Connect). The AXPs do not provide the Sub-Fund with any legal or equitable interest of any type in the Underlying A Shares or the relevant Basket of A Shares to which the AXP(s) are linked, and the Sub-Fund

will not in any way own the underlying A Share(s).

- The Sub-Fund is subject to counterparty risk associated with each AXP issuer and may suffer losses potentially equal to the full value of the AXPs issued by an AXP issuer if such AXP issuer fails to perform its obligations under the AXP. The Sub-Fund is therefore exposed to the credit risk of the AXP issuer(s). Any loss would result in a reduction in the NAV of the Sub-Fund and impair the ability of the Sub-Fund to achieve its investment objective to track the relevant index.
- In the event of any default by, or any material adverse change concerning an AXP issuer or collateral provider (if any), dealing of the Units in the Sub-Fund may be suspended, the Sub-Fund may suffer very significant losses and the Sub-Fund may ultimately be terminated.
- The AXP issuers are predominantly financial institutions and this, in itself, may pose a concentration risk. These financial institutions may be inter-connected. Any adverse event affecting the performance of a particular AXP issuer may also have a negative impact on the performance of other AXP issuer(s) due to contagion effect.
- The Manager will seek to obtain collateral to mitigate its exposure to each AXP issuer. However, this is subject to the risk of the collateral provider not fulfilling its obligations. There is a further risk that in the event that the Trustee may need to exercise its right against the collateral, the market value of the collateral could be substantially lower than the amount secured and so the Sub-Fund may suffer significant losses.

**2. Risks associated with the Shanghai-Hong Kong Stock Connect –**

- The Shanghai-Hong Kong Stock Connect is novel in nature. The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.
- The Shanghai-Hong Kong Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to invest in A Shares through the Shanghai-Hong Kong Stock Connect on a timely basis.
- Where a suspension in the trading through the Shanghai-Hong Kong Stock Connect is effected, the Sub-Fund's ability to access the PRC market will be adversely affected.
- Due to the differences in trading days, there may be occasions when it is a normal trading day for the PRC market but the Sub-Fund cannot carry out any A Shares trading. The Sub-Fund may be subject to a risk of price fluctuations in A Shares during the time when Shanghai-Hong Kong Stock Connect is not trading as a result.
- The Shanghai-Hong Kong Stock Connect requires the development of new information technology systems on the part of the stock exchanges and exchange participants and may be subject to operational risk. If the relevant systems failed to function properly, trading in both Hong Kong and Shanghai markets through the Shanghai-Hong Kong Stock Connect could be disrupted. The Sub-Fund's ability to access the A Share market (and hence to pursue its investment strategy) will be adversely affected.
- Investment through Shanghai-Hong Kong Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. The deliveries of SSE Securities and payments may not be simultaneous.
- Trading in securities through the Shanghai-Hong Kong Stock Connect may be subject to clearing and settlement risk. Further, the Sub-Fund's investments through the Shanghai-Hong Kong Stock Connect are currently not covered by the Hong Kong's Investor Compensation Fund.

**3. Emerging market risk** -- Usually, emerging markets, such as the market for A-shares, tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the NAV per unit of the Sub-Fund.

**4. PRC tax risk** -- Investment in the Sub-Fund may be subject to risks associated with changes in the PRC tax laws and such changes may have retrospective effect and may adversely affect the Sub-Fund. In light of the PRC CGT Circular (as referred to in the Prospectus) and the PRC Tax Policy for Shanghai-Hong Kong Stock Connect Circular (as referred to in the

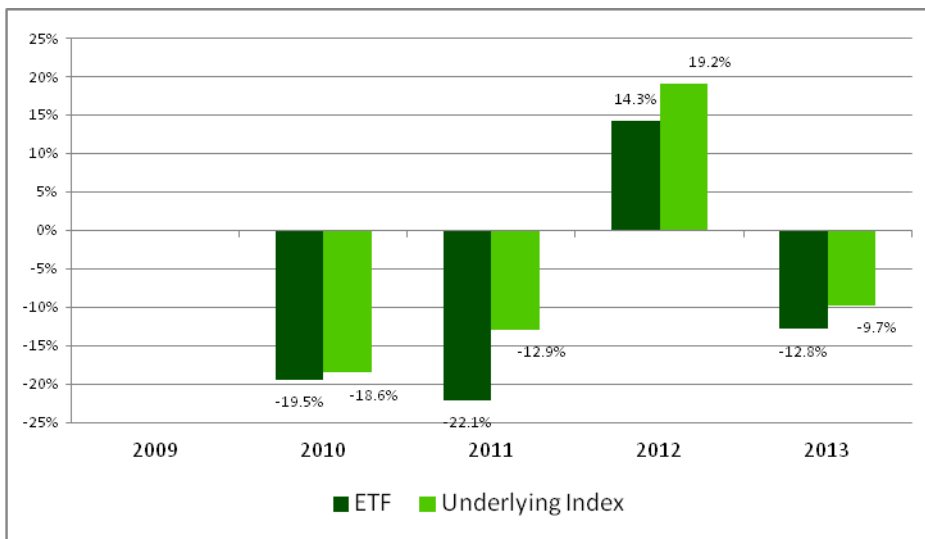
Prospectus), (i) from 17 November 2014 onwards until further notice, the Sub-Fund or the AXP issuer will not set aside any Capital Gain Tax provision derived from the gains from dealings in A Shares by a QFII in relation to which the underlying A Shares to which an AXP is linked or by the Sub-Fund in investing in A Shares via the Shanghai-Hong Kong Stock Connect; and (ii) a QFII in relation to the underlying A Shares to which an AXP was linked would be subject to tax on gains from dealings in A Shares derived up to and including 14 November 2014. The Sub-Fund is the ultimate party which bears the risks relating to the tax liability of the QFII in relation to the underlying A Shares. In respect of the Sub-Fund's investment in the AXPs up to and including 14 November 2014, the Sub-Fund or the AXP issuer (depending on the tax arrangement between the Sub-Fund and the relevant AXP issuer) has set aside a provision of 10% to meet the Capital Gain Tax liability derived from the gains from dealings in A Shares by a QFII in relation to which an AXP was linked. However, the actual applicable tax rate levied by the PRC tax authorities may be different. In case the applicable tax rate exceeds the Capital Gain Tax provision, the Sub-Fund may bear additional tax liabilities. Also, a QFII in relation to the underlying A Shares to which an AXP is linked, and the Sub-Fund in investing in A Shares directly via the Shanghai-Hong Kong Stock Connect, would be subject to a distribution tax of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from the A Shares. The Sub-Fund is the ultimate party that bears the distribution tax.

5. **Concentration risk** – To the extent that the Underlying Index concentrates in A Shares of a particular single issuer, industry or group of industries, the Manager may similarly concentrate the Sub-Fund's investments in a particular industry or group of industries. The performance of the Sub-Fund could then depend heavily on the performance of that industry or group of industries. The Sub-Fund also invests primarily in securities related to the China market and may be subject to additional concentration risk.
6. **QFII system and regulation and investment quota risk** – Any changes in laws and regulations imposed by the PRC government on QFII's operations may adversely affect the issuance of AXP(s) and/or cause Units in the Sub-Fund to trade at a discount on the SEHK. In the worst case scenario, this could lead to AXPs not being able to be issued and the Sub-Fund having to be terminated.
7. **Passive management risk** - The Sub-Fund is not actively managed. The Manager may not take an active role in defending the position of the Sub-Fund in declining markets. Hence, any fall in the Underlying Index will result in a corresponding fall in the value of the Sub-Fund.
8. **Tracking error risk** – Changes in the NAV of the Sub-Fund may deviate from the performance of the Underlying Index due to factors such as fees and expenses, liquidity of the index constituents, as well as changes to the Underlying Index. The Manager may decide to switch some of the Sub-Fund's current investments in the AXPs to direct investments in the A Shares via the Shanghai-Hong Kong Stock Connect, in which case, the Manager will liquidate the relevant AXPs and use the proceeds to acquire the A Shares so as to constitute the relevant Basket of A Shares. Apart from the risks relating to the liquidity of the relevant AXPs, there may be a time gap between the liquidation of the relevant AXPs and the acquisition of A Shares.
9. **Collateral Management Policy** - As a result of the Collateral Management Policy (as more fully described in the Prospectus), the Sub-Fund will have to bear an increase in fees, charges and expenses in relation to the additional collateral taken by the Sub-Fund. The increased cost may have an adverse impact on the NAV and the performance of the Sub-Fund and the changes in the NAV of the Sub-Fund may deviate from the performance of the underlying index and may give rise to increased tracking error. Such fees, charges and expenses may vary from time to time depending on the types of collateral obtained and other market factors. The tracking error risk will also increase in the event that the Sub-Fund is holding more cash than the normal level. In such situation, the Sub-Fund may not be sufficiently exposed to the economic performance of the underlying index.

- 10. Legal and Regulatory risk** - Changes in the authorization conditions of the Sub-Fund and/or laws, regulatory requirements and/or imposition of new regulatory actions or restrictions may require changes in the operation or administrative rules of the Sub-Fund, constitutive or offering documents of the Sub-Fund. Such change may have an impact on the operation costs of the Sub-Fund and may have an impact on the market sentiment which may in turn affect the performance of the Sub-Fund.
- 11. Trading risk** - Generally, retail investors can only buy or sell Units on the SEHK. The trading price of the Units on the SEHK is subject to market forces and may trade at a substantial premium /discount to the NAV. Differences in trading hours between the market to which the index constituents belong and the Hong Kong Stock Exchange may increase the trading premium/discount.
- 12. Termination risk** - If the CSI terminates the Underlying Index or does not allow the Sub-Fund to use the Underlying Index, and there is no successor index, the Sub-Fund may be terminated.
- 13. Distributions** - Distributions are not guaranteed, and therefore, investors may not receive any distributions from the Sub-Fund.

### How has the fund performed?

ReadOnly



- 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, with distributions reinvested.
- These figures show by how much the Sub-Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding your trading costs on the SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The Sub-Fund was launched in 2009.

### Is there any guarantee?

Like most funds, the Sub-Fund does not provide any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

Please refer to Appendix V to the Prospectus for details of other fees and expenses applicable to the creation or redemption, or dealing in Units.

### Charges incurred when trading this Sub-Fund on the SEHK

<i>Fee</i>	<i>What you pay</i>
<b>Brokerage fee</b>	At each broker's discretion
<b>Transaction levy</b>	0.0027% <sup>1</sup>
<b>Trading fee</b>	0.005% <sup>2</sup>
<b>Stamp duty</b>	Waived

<sup>1</sup>Transaction levy of 0.0027% of the price of the Units, payable by the buyer and the seller.

<sup>2</sup>Trading fee of 0.005% of the price of the Units, payable by the buyer and the seller.

### 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 NAV of the Sub-Fund which may affect the trading price.

	<i>Annual rate (as a % of the Sub-Fund's NAV)</i>
<b>Management fee* (Trustee fee included)</b>	<ul style="list-style-type: none"> <li>• 0.89 % per annum for the first HK\$780 million of the NAV of the Sub-Fund; and</li> <li>• 0.99 % per annum for the portion of the NAV of the Sub-Fund which is in excess of HK\$780 million. (up to a maximum of 2% per annum)</li> </ul>
<b>Servicing fee</b>	Currently waived
<b>Other Ongoing Costs</b>	Please refer to Appendix V to the Prospectus for details of ongoing costs payable by the Sub-Fund

\* Please note that some fees may be increased, up to a permitted maximum amount, by giving Unitholders at least one (1) month's prior notice. Please refer to the section of "Fees And Charges Applicable to the Sub-Fund" in Appendix V to the Prospectus.

### Additional Information

You can find the following information of the Sub-Fund at the Manager's website ([www.boci-pru.com.hk/english/etf/intro.aspx](http://www.boci-pru.com.hk/english/etf/intro.aspx) (for English), [www.boci-pru.com.hk/chinese/etf/intro.aspx](http://www.boci-pru.com.hk/chinese/etf/intro.aspx) (for Chinese)):

- The last published prospectus and product key fact statement of the Sub-Fund;
- Latest annual and semi-annual financial reports of the Sub-Fund;
- Any public announcements and notices made by the Sub-Fund, including information in relation to the Sub-Fund and the Underlying Index, notices of the suspension of the calculation of NAV (if any), changes in fees and charges and the suspension and resumption of trading of Units;
- Estimated NAV per Unit;
- Last closing NAV per Unit;
- The list of AXP issuers and Participating Dealers of the Sub-Fund;
- The current counterparty exposure of the Sub-Fund to each AXP issuer, to be updated at the close of business of every dealing day; and
- Information on collateral arrangement.

Information contained in the website has not been reviewed by the SFC.



**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.