

# PRODUCT KEY FACTS

## Samsung HSI Futures RMB FX ETF

Issuer: Samsung Asset Management  
(Hong Kong) Limited

三星資產運用（香港）有限公司

*A sub-fund established under the Samsung ETFs Trust*

28 April 2017

***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

Stock code:	03134
Trading lot size:	200 Units
Manager:	Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year:	1.36%*
Tracking difference of the last calendar year:	-0.43%**
Underlying Index:	HSI Futures RMB FX Index
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD
Distribution policy:	Quarterly (usually in March, June, September and December of each year) (if any) in HKD subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital.
Financial year end of this fund:	31 March
ETF Website:	<a href="http://www.samsungfund.com.hk/en/products/03134">www.samsungfund.com.hk/en/products/03134</a>

\* The ongoing charges figure is an annualised figure based on expenses reported in the Sub-Fund's interim financial report for the period ended 30 September 2016, expressed as a percentage of the Sub-Fund's average Net Asset Value over the same period. This figure may vary from year to year.

\*\* This is the actual tracking difference of the last calendar year. Investors should refer to the Sub-Fund's website for more up-to-date information on actual tracking difference.

## What is this product?

- Samsung HSI Futures RMB FX ETF (the “**Sub-Fund**”) is a sub-fund of Samsung ETFs Trust, an umbrella unit trust established under Hong Kong law. Units of the Sub-Fund (the “**Units**”) are listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). These Units are traded on the SEHK like listed stocks. The Sub-Fund is a passively-managed exchange traded fund (an “**ETF**”) falling under Chapter 8.6, Chapter 8.4A and Appendix I of the Code on Unit Trusts and Mutual Funds issued by the SFC (the “**Code**”).
- The Sub-Fund is a futures-based ETF which invests directly in Hang Seng Index (the “**HSI**”) futures contracts.
- **The Sub-Fund is denominated in HKD only but not in RMB. However creations and redemptions are in RMB only.**

## Objective and Investment Strategy

### Objective

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the HSI Futures RMB FX Index (the “**Index**”). The Index represents the performance of the HKD denominated spot month futures contracts on the HSI (“**HSI futures contracts**”) and the currency return of RMB against HKD on the value of HSI futures contracts.

### Strategy

In seeking to achieve the Sub-Fund’s investment objective, the Manager will adopt a full replication strategy through investing directly in spot month HSI futures contracts so as to give the Sub-Fund the performance of the Index. In entering the HSI futures contracts each calendar month, the Manager anticipates that no more than 10% of the net asset value of the Sub-Fund (the “**Net Asset Value**”) from time to time will be used as margin to acquire the HSI futures contracts.

The remaining 90% of the Net Asset Value in cash (RMB) will be applied by the Manager towards investing for the Sub-Fund in cash (RMB) and other RMB denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. Yield in RMB or HKD (if any) from such cash and investment products will be used to meet the Sub-Fund’s fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in HKD.

The Manager will deploy currency hedging strategies in respect of the Sub-Fund against RMB:HKD foreign exchange rate fluctuation risk.

Other than HSI futures contracts, the Manager has no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month’s prior notice to Unitholders before the Manager engages in any such investments.

Other than margin for HSI futures contracts, the Sub-Fund will not itself use leverage and the Sub-Fund’s global exposure to derivatives will not exceed 100% of its Net Asset Value.

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

**Index****General**

- (a) The Index is HKD denominated and represents the performance of the spot month HSI futures contract and currency return of RMB against HKD on the value of the HSI futures contract.
- (b) The Index is calculated and published at [www.hsi.com.hk](http://www.hsi.com.hk) on a real-time basis (updated every 15 seconds) during the trading hours of the Hong Kong Futures Exchange.

**Index Provider**

The Index Provider is Hang Seng Indexes Company Limited.

**Constituents**

The Index is comprised of spot month HSI futures contracts (and next month HSI futures contracts during rolling) traded on the Hong Kong Futures Exchange. The inception date of the Index was 20 October 2014. The Index had a base value of 22,398.10 as at 30 June 2011.

**Futures roll**

The Index includes provisions for the replacement (also referred to as “rolling”) of the spot month HSI futures contracts as they approach maturity.

The rolling of a HSI futures contract occurs over a 3 day period every month, starting 3 trading days before the last trading day of the spot month HSI futures contract, and ending one business day before the last trading day of the spot month HSI futures contract.

**Index methodology**

The Index is calculated from price changes of the spot month HSI futures contract, the next month HSI futures contract during rolling, movement of the RMB against HKD on the value of HSI futures contracts and any gain or loss from rolling the spot month HSI futures contracts to the next month HSI futures contracts.

**Top 10 constituents of the HSI**

The Index comprises, and the Sub-Fund invests in, a HSI futures contract, i.e. a spot month futures contract on the HSI (and the Sub-Fund does not invest in or hold directly any constituents of the HSI). Changes in the Index and the price of HSI futures contracts may not correspond to changes in the HSI.

As at 31 March 2017, the 10 largest constituents of the HSI, representing in excess of 60.91% of the market capitalisation of the HSI based on total shares in issue, were as follows:

Rank	Constituent Name	Weighting (%)
1.	Tencent Information	10.60
2.	HSBC Holdings	9.97
3.	CCB	8.57
4.	AIA	7.49
5.	China Mobile	6.62
6.	ICBC	4.75
7.	Bank of China	3.89

8.	CKH Holdings	3.27
9.	HKEx	2.88
10.	Ping An	2.87

### **Index information**

Bloomberg Code: HSFRFI

Thomson Reuters Code: .HSFRFI

For further detail please refer to the website of the index provider, Hang Seng Indexes Company Limited, at [www.hsi.com.hk](http://www.hsi.com.hk).

### **What are the key risks?**

**Investment involves risks. The Sub-Fund is a futures and options fund as well as an ETF. The risks of investing in the Sub-Fund are therefore greater than those of investing in other types of ETF. In particular investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. Please refer to the Prospectus for details including as to the risk factors.**

#### **1. Investment risk**

- The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.

#### **2. New product risk**

- The Sub-Fund is a futures contracts-based ETF investing directly in HSI futures contracts. The Sub-Fund and Samsung HSI Futures ETF are the first futures-based ETFs.
- The novelty and untested nature of such an ETF and the fact that the Sub-Fund is the first of its kind makes the Sub-Fund riskier than traditional ETFs investing in equity securities.

#### **3. Futures contracts risks**

- *Market risk:* The futures contracts markets, such as those on the HSI, generally may be uncorrelated to the traditional underlying equity markets and are subject to greater risks than other markets.
- *Volatility risk:* It is a feature of HSI futures contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of HSI futures contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.
- *External risk:* There can be no assurance that future political changes will not adversely affect the economic conditions of Hong Kong and the HSI. Political or economic instability may affect investor confidence, which could adversely impact the value of the Index and, as a result, the Net Asset Value per Unit.
- *Liquidity risk:* The Index is calculated with reference to HSI futures contracts exposing the Sub-Fund and the investor to a liquidity risk linked to HSI futures contracts which may affect their value.
- *Leverage risk:* Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a

relatively small price movement in a HSI futures contract may result in a proportionally high impact and substantial losses to the Sub-Fund, having a material adverse effect on the Net Asset Value. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

- *Rolling risk:* A “roll” occurs when an existing futures contract is about to expire and is replaced in the Index with a futures contract representing the same underlying but with a later expiration date. Where the Index is calculated with reference to these HSI futures contracts, the value of the Index (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the increased price of the HSI futures contracts, i.e. “contango”) as the HSI futures contracts approach expiry. The change in price of a HSI futures contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

#### **4. Price of HSI futures contracts vs. spot/current market price of the HSI risks**

- As the Index comprises a basket of exchange-traded HSI futures contracts representing long-only positions in the underlying constituents of the HSI, the performance of the Index may differ from the current market or spot price performance of the HSI.

#### **5. Margin risks**

- Generally, most leveraged transactions, such as HSI futures contracts, involve the posting of collateral or margin. Increases in the amount of collateral or margin or similar payments may result in the need for the Sub-Fund to liquidate its investments at unfavourable prices in order to meet collateral or margin calls. This may result in substantial losses to Unitholders.

#### **6. Holding of HSI futures contracts restrictions in number risk**

- Hong Kong law limits all holdings controlled by the Manager (for itself or others including the Sub-Fund and other ETFs) of futures contracts and stock options contracts to 10,000 for all contract months combined. Because Unitholders do not themselves hold HSI futures contracts or control the Sub-Fund, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the Securities and Futures (Contracts Limits and Reportable Position) Rules. Whilst the Manager does not think these limits are immediately likely to affect the Sub-Fund, if the Net Asset Value grows significantly this limit may prevent creations of Units because further HSI futures contracts will not be able to be purchased. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit.

#### **7. Distributions risk**

- Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor’s investment or any gains and may result in an immediate reduction in the Net Asset Value per Unit.

#### **8. RMB currency risks**

- The Sub-Fund’s base currency is denominated in HKD but creation and redemption is in RMB only. Further the Sub-Fund needs to convert part of creation monies from RMB to HKD at the applicable foreign exchange rate for investment into HSI futures contracts. Such conversion is subject to the relevant foreign exchange bid-offer spread. RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- The Index represents the performance of HSI futures contracts and the currency return of RMB against HKD on the value of HKD denominated HSI futures contracts. Whilst the return on HSI futures contracts may be positive, the RMB return may be negative. This may

adversely affect the Net Asset Value as a result.

#### **9. Government intervention and restrictions risks**

- Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on “naked” short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund.
- Furthermore, such market interventions may have a negative impact on market sentiment which may in turn affect the performance of the Index and as a result the performance of the Sub-Fund.

#### **10. Passive investments risks**

- The Sub-Fund is not “actively managed” and therefore, when there is a decline in the Index, the Sub-Fund will also decrease in value.
- The Manager will not adopt any temporary defensive position against any market downturn. Investors may lose part or all of their investment.

#### **11. New Manager and reliance on the Investment Adviser risks**

- Although certain staff of the Manager and its parent company (which is the Investment Adviser) have futures-based ETF experience in Korea, the Sub-Fund together with the Samsung HSI Futures ETF are the first ETFs managed by the Manager. As such the Manager makes use of and relies upon the Investment Adviser’s expertise and systems to support the Sub-Fund’s investments in futures contracts. Any disruption in the communication with or assistance from the Investment Adviser may adversely affect the operations of the Sub-Fund.

#### **12. Trading risks**

- Generally, retail investors can only buy or sell Units of the Sub-Fund on the SEHK. The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to the Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

#### **13. Reliance on market maker risks**

- Although it is an expectation that the Manager ensures that at least one market maker will maintain a market for the Units and 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 Units. It is possible that there is only one SEHK market maker or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

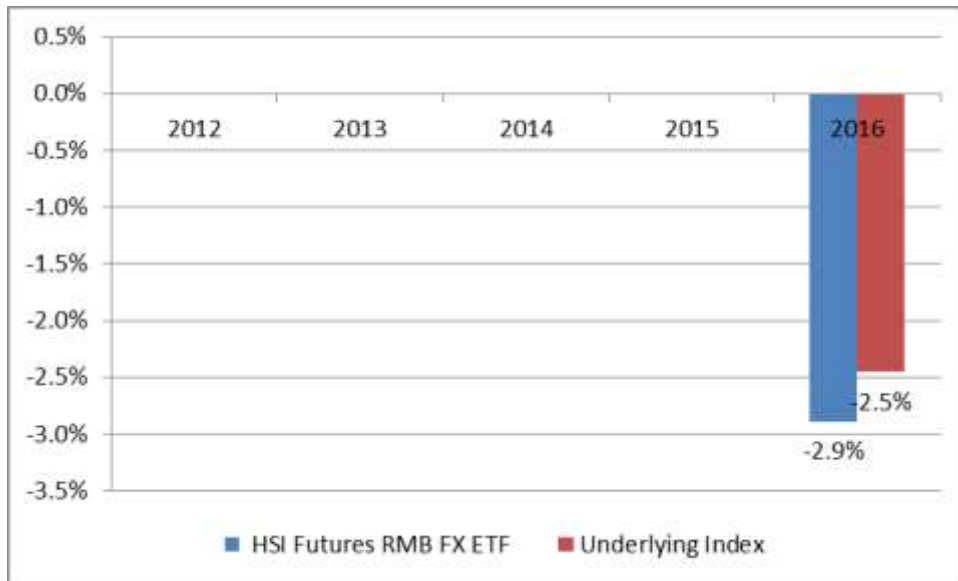
#### **14. Tracking error risk**

- Due to fees and expenses of the Sub-Fund, liquidity of the market and the investment strategy adopted by the Manager, the Sub-Fund’s return may deviate from that of the Index.

**15. Termination risk**

- The Sub-Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below HKD40 million. Investors should refer to the section “Termination” in the Prospectus for further details. Any distribution received by a Unitholder on termination of the Sub-Fund may be less than the capital initially invested by the Unitholder, resulting in a loss to the Unitholder.

**How has the 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, with dividend (if any) 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.
- Sub-Fund launch date: 12 February 2015

**Is there any guarantee?**

The Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

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

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027% <sup>1</sup> of the trading price
SEHK trading fee	0.005% <sup>2</sup> of the trading price
Stamp duty	Nil

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

<sup>2</sup> Trading fee of 0.005% of the trading price of the Units, payable by each of 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.

	Annual rate (as a % NAV)
<b>Management fee*</b> The Sub-Fund pays a management fee to the Manager.	0.65%
<b>Trustee's fee*</b>	0.12% of NAV, subject to a monthly minimum of RMB62,000 (waived for the first 12 months following listing)
<b>Performance fee</b>	Nil
<b>Administration fee</b>	Nil

\* Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Sub-Fund.

### Other fees

You may have to pay other fees when dealing in the Units of the Sub-Fund.

### Additional information

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at [www.samsungetf.com.hk](http://www.samsungetf.com.hk) (which has not been reviewed or approved by the SFC) including:

- (a) the Prospectus and this statement (as revised from time to time);
- (b) the latest annual accounts and interim unaudited report (in English only);
- (c) 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;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, and notices of suspension of creation and redemption of Units, suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;



- (e) the near real time estimated Net Asset Value per Unit throughout each dealing day in HKD;
- (f) the last closing Net Asset Value of the Sub-Fund in HKD, and last closing Net Asset Value per Unit in HKD;
- (g) the annual tracking difference and tracking error of the Sub-Fund;
- (h) the past performance information of the Sub-Fund;
- (i) the composition of the Sub-Fund (updated on a daily basis);
- (j) the composition of dividends for the Sub-Fund (i.e. the relative amounts paid out of (i) net distribution income, and (ii) capital), if any, for a rolling 12-month period; and
- (k) the latest list of the participating dealers and market makers.

### **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.