PRODUCT KEY FACTS

Samsung S&P GSCI Crude Oil ER Futures 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:	03175
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:	1.71%*
Estimated annual tracking difference:	Estimated to be -1.71%**
Underlying Index:	S&P GSCI Crude Oil Index Excess Return ("Excess Return" does not mean any additional return on the ETF's performance)
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD
Distribution policy:	Annually (usually in March 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:	www.samsungfund.com.hk/en/products/03175

* *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 an estimated annual tracking difference. Investors should refer to the Sub-Fund's website for information on the actual tracking difference.*

What is this product?

- Samsung S&P GSCI Crude Oil ER Futures 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 the nearest month West Texas Intermediate crude oil (also known as Texas light sweet crude oil) futures contracts ("**WTI Futures Contracts**") traded on the New York Mercantile Exchange (the "**NYMEX**"). The parent company of NYMEX is CME Group Inc.
- **The Sub-Fund is denominated in HKD. Creations and redemptions are in HKD 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 S&P GSCI Crude Oil Index Excess Return (the "**Index**").

Strategy

In seeking to achieve the Sub-Fund's investment objective, the Manager will adopt a full replication strategy through investing directly in WTI Futures Contracts so as to give the Sub-Fund the performance of the Index. In entering the WTI Futures Contracts each calendar month, the Manager anticipates that no more than 20% 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 WTI Futures Contracts.

Not less than 80% of the Net Asset Value of the Sub-Fund in cash (HKD) will be applied by the Manager towards investing the Sub-Fund in cash (HKD) and other HKD 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 HKD 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.

Other than WTI Futures Contracts, the Manager has no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

Other than margin for WTI Futures Contracts, the Sub-Fund will not itself use leverage and the Sub-Fund's global exposure to financial derivative instruments (based on the settlement price of the WTI Futures Contracts) will not exceed 100% of its Net Asset Value.

Index

General

The Index tracks the performance of the nearest month WTI Futures Contracts. The Index is denominated in USD and is calculated and published on a near real-time basis. The Index was launched on 1 May 1991 and had a base value of 100 as at 7 January 1987.

Index Provider

The Index Provider is S&P Dow Jones Indices. The Manager (and each of its connected persons) is independent of the Index Provider.

Constituents

The WTI Futures Contract for the current delivery month expires on the 3rd business day prior to the 25th calendar day of the month preceding the delivery month. For example, the last trading day (expiry date) for March 2016 WTI Futures Contract was 22 February 2016.

The specific WTI Futures Contracts that are included in the Index are:

(a) WTI Futures Contract with the closest expiration date (the "**nearest contract**") (e.g. in January 2016, this means the February 2016 WTI Futures Contract) for the period prior to the rolling period in a month;

(b) WTI Futures Contracts with the second closet expiration date (the "**next nearest contract**") (e.g. in January 2016, this means the March 2016 WTI Futures Contract) for the period after the rolling period in a month; and

(c) both the nearest contract and the next nearest contract during the rolling period in a month.

Futures roll

The Index includes provisions for the replacement (also referred to as "**rolling**") of the nearest contracts with the next nearest contracts as they approach maturity. The rolling of a nearest contract occurs over a 5 day period every month, commencing on the 5th S&P GSCI Business Day of the month, and ending on the 9th S&P GSCI Business Day of the month. For example, during rolling in March 2016, April 2016 WTI Futures Contracts in the Index shall be replaced by May 2016 WTI Futures Contracts.

Index methodology – Excess Return

The return of the Index is calculated based on the change in price levels of the nearest contract, the next nearest contract as well as the gain or loss obtained by "rolling" hypothetical positions in such WTI Futures Contracts as they approach delivery.

The Index is an excess return (and not a total return) index and therefore reflects the positive or negative return of the underlying commodity futures price movements only (and not any notional interest earnings).

Index information

Bloomberg Code: SPGSCLP

Thomson Reuters Code: .SPGSCLP

For further detail please refer to the website of the index provider, S&P Dow Jones Indices, at us.spindices.com/indices/commodities/sp-gsci-crude-oil.

What are the key risks?

Investment involves risks. The Sub-Fund is a futures based ETF. The risks of investing in the Sub-Fund are therefore greater than those of investing in other conventional ETFs tracking equity indices. In particular investment in commodity futures contracts involves specific risks such as high volatility, leverage, high rollover cost and margin risks. Crude oil price is highly volatile. You may suffer substantial / total loss by investing in the Sub-Fund. 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 risks

- The Sub-Fund is a futures contracts-based ETF investing directly in WTI Futures Contracts. The Sub-Fund will be the first futures contracts-based ETF tracking a single commodity futures index such as the Index in Hong Kong. The novelty and untested nature of such an ETF makes the Sub-Fund riskier than traditional ETFs investing in equity securities.

3. Oil market risks

- *High volatility risk:* Oil prices are highly volatile and may fluctuate widely and may be affected by numerous events or factors such as oil production and sale, complex interaction of supply and demand of oil, weather, crude oil inventory level, war, speculator's activities, Organization of the Petroleum Exporting Countries' behaviour and control, economic activity of significant oil use country and other financial market factors.
- *Single commodity/concentration risk*: As the exposure of the Sub-Fund is concentrated in the crude oil market, it is more susceptible to the effects of oil price volatility than more diversified funds.

4. Futures contracts risks

- *Contango 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 WTI 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 WTI Futures Contract, i.e. "contango") as the WTI Futures Contracts approach expiry.
- *Volatility risk*: The price of WTI Futures Contracts can be highly volatile and is influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs, policies of governments and political changes.
- *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 WTI 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.
- *Liquidity risk*: The Index is calculated with reference to WTI Futures Contracts exposing the Sub-Fund and the investor to a liquidity risk linked to WTI Futures Contracts which may affect their value.

5. Risk of material non-correlation with spot/current market price of the WTI crude oil risk

- As the Index is based upon WTI Futures Contracts but not on physical WTI crude oil, the performance of the Index may substantially differ from the current market or spot price performance of the WTI crude oil. Accordingly, the Sub-Fund may underperform a similar investment that is linked to the spot price of WTI crude oil. For example, during 2009, the Index underperformed the spot price of WTI crude oil by 71% (the level of the Index only increased by 7%, while the spot price of crude oil increased by 78%).

6. Margin risk

- Generally, most leveraged transactions, such as WTI 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.

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 original investment or any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per Unit.

8. Government intervention and restrictions risk

- Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions. This may affect the operation and market making activities of the Sub-Fund, and may create negative market sentiment which may in turn affect the performance of the Index and the Sub-Fund.

9. Passive investments risk

- The Sub-Fund is not "actively managed" and therefore the Manager will not adopt any temporary defensive position against any market downturn. When there is a decline in the Index, the Sub-Fund will also decrease in value.

10. Trading risks

- 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.

11. Trading differences risk

- As the NYMEX may be open when the Units are not priced, the value of any Futures Contract in the Sub-Fund's portfolio may change when investors may not be able to buy or sell Units. Differences in trading hours between NYMEX and the SEHK may also increase the level of premium or discount of the Unit price to its Net Asset Value.

12. Reliance on market maker risk

- Although the Manager will ensure that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is no or only one market maker for the Units. There is no guarantee that any market making activity will be effective.

13. 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. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

14. 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. 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?

Since the Sub-Fund is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

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%[1] of the trading price
SEHK trading fee	0.005%[2] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
[2] *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)
Management fee* The Sub-Fund pays a management fee to the Manager.	0.65%
Trustee's fee*	0.12%, subject to a monthly minimum of HKD78,000 (waived for the first 12 months following listing)
Performance fee	Nil
Administration fee	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 (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) a "performance simulator" of the Sub-Fund, which allows investors to select a historical time period and simulate the performance of the Sub-Fund vis-à-vis the spot price of WTI crude oil during that period based upon historical data;

(k) 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

(l) 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.