

## World Index Shares ETFs

## W.I.S.E. – CSI 300 China Tracker®\*

(\* This is a synthetic ETF)

(Stock Code: 02827)

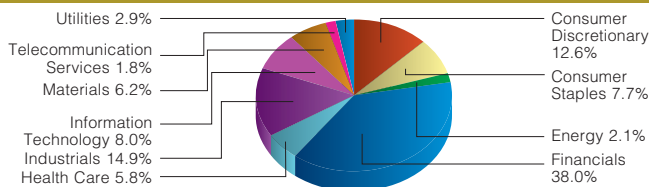
## IMPORTANT NOTES:

- Investment involves risks and W.I.S.E. – CSI 300 China Tracker® (\* This is a synthetic ETF) (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, the People's Republic of China ("PRC") market/ emerging market risk/ single country concentration risk, passive investment risk, tracking error risk, trading risks, trading differences risks, risks associated with investment made through qualified foreign institutional investors ("QFII"), risks associated with the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, the "Shanghai and Shenzhen Connect"), general risks relating to synthetic ETFs/ synthetic representative strategy risks, equity market risk, foreign exchange and RMB currency and conversion risks, legal and regulatory risk, PRC tax risk, termination risk, reliance on market maker risks, early A-share access product ("AXP") redemption and repurchase risk and risk of conflicts of interests.
- The Fund invests in an emerging market, such as the PRC, which may involve increased risks and special considerations not typically associated with investment in more developed markets.
- The Fund may suffer substantial losses if there is insufficient QFII quota allocated for the Fund to make investments, the approval of the QFII is being revoked/terminated or otherwise invalidated as the fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).
- The relevant rules and regulations on Shanghai and Shenzhen Connect are subject to change which may have potential retrospective effect. Each of Shanghai and Shenzhen Connect is subject to a set of Daily Quota, which does not belong to the Fund and can only be utilized on a first-come-first serve basis. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in A Shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.
- The Fund is subject to general risks relating to synthetic ETFs/ synthetic representative strategy risks. For example, derivative instruments are susceptible to price fluctuations and higher volatility, which may result in large bid and offer spreads with no active secondary market. The Fund may suffer losses potentially equal to the full value of the derivatives.
- The Fund is subject to foreign exchange and RMB currency and conversion risks. The Fund may also be subject to bid/offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.
- Based on professional and independent tax advice, the Fund currently will not make the following tax provision (i.e. 10% withholding income tax provision on realised and/or unrealised capital gains from trading of A Shares by the Manager as QFII or a QFII in relation to which the underlying A Shares to which an AXP is linked or by the Fund in investing in A Shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect). There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Shanghai and Shenzhen Connect or AXP on the Fund's investments in the PRC. Any future changes in the taxation policies will impact on the Fund's returns.
- The Fund is subject to early AXP redemption and repurchase risk. Due to their synthetic nature, AXP may have costs associated with their early redemption (including for example, in circumstances where Fund is terminated or where the Manager actively seeks to decrease the Fund's reliance on AXP) that are potentially significantly higher than the costs of trading the underlying A Shares, particularly during times of high market volatility.
- 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 CSI 300 Index (the "Index"). The Manager intends to achieve the investment objective of the Fund by ultimately investing primarily in A Shares directly via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, although currently the Fund is also making indirect investment in A Shares through AXP. To achieve the investment objective, subject to market conditions, quota availability and applicable regulatory requirements, the Manager will gradually and orderly increase the Fund's holdings in A Shares and decrease the holdings in AXP, by gradually and vigilantly disposing the AXP and use the proceeds to purchase A Shares directly through the Manager's QFII quota and/or Shanghai and Shenzhen Connect using representative sampling strategy.

## Sector Allocation



## Fund Data

Fund Manager	BOCI-Prudential Asset Management Limited
Trustee	BOCI-Prudential Trustee Limited
Exchange Listing	SEHK - Main Board
Listing Date	17/7/2007
Base Currency	HKD
Trading Currency	HKD
Ongoing Charges Over a Year ▼	1.03%
Distribution (if any)	Aim to make distributions annually (if any) * (Distribution rate is not guaranteed)
Latest Distribution Record (Amount of Distribution per unit)	–
Trading Board Lot Size	200 Units
Fund Size (Million)	HKD 2,865.54
NAV per unit	HKD 38.1056
Website	www.boci-pru.com.hk

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

## Cumulative Performance (HKD)

	3 Months(%)	Year To Date (%)	1 Year (%)	3 Years (%)	5 Years (%)	Since Inception* (%)
Fund	8.54	27.60	23.17	46.34	53.91	-0.25
Index	8.97	29.99	25.65	56.01	86.47	41.19

## Calendar Year Performance (HKD)

	2012(%)	2013(%)	2014(%)	2015(%)	2016(%)
Fund	7.28	-8.24	40.27	2.13	-17.26
Index	10.78	-2.55	51.95	2.13	-15.35

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). Starting from 1 July 2014, CSI 300 Total Return Index is replaced with CSI 300 Net Total Return Index for index performance calculation. (Source: China Securities Index Co., Ltd.). CSI 300 Net Total Return Index is denominated in RMB. For the purpose of performance comparison, index performance is presented in HKD and calculated by referring to the foreign exchange rates for RMB/HKD quoted by Bloomberg – Bloomberg RMB (CNY) rate (Tokyo Composite) at 4:00 p.m. Hong Kong time on the corresponding dealing dates.

**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);
  - In-kind Creation Applications will no longer be accepted.
  - 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;
  - The Units may trade at a substantial premium or discount to the Fund's NAV;
  - There is risk of limited duration of the Fund due to the limited duration of the AXP;
  - The Fund may also suffer a greater tracking error than a typical exchange traded fund (which invests in the constituent securities of the Index) because presently the majority investment of the Fund will not be direct investment in the constituent securities of the CSI 300 Index (the "CSI 300"), and the Fund is also the ultimate party which bears the risk relating to the Capital Gain Tax (as referred to in Appendix V of the Prospectus) and the Distribution Tax (as referred to in Appendix V of the Prospectus). Having said the above, it is the Manager's intention to gradually and orderly reduce reliance on the synthetic representative strategy and increase the reliance on physical representative strategy, by gradually increasing the Fund's direct holding in A Shares;
  - The Manager's intention is to switch gradually the Fund's current investments in the AXP to direct investments in the A Shares via the QFII investment quota obtained by the Manager or (if the relevant A Shares are SSE Securities<sup>^</sup> or SZSE Securities<sup>^^</sup>) via Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect (as the case may be), in which case, the Manager will liquidate the relevant AXP 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 AXP, there may be a time gap between the liquidation of the relevant AXP and the acquisition of A Shares. The Fund will therefore bear the market risks during such time gap, in addition to the costs associated with the liquidation and acquisition; thus giving rise to tracking error.
- <sup>^</sup> SSE Securities means certain stocks listed on the SSE that are eligible for investment by Hong Kong and overseas investors via the Shanghai-Hong Kong Stock Connect.
- <sup>^^</sup> SZSE Securities means certain stocks listed on the Shenzhen Stock Exchange that are eligible for investment by Hong Kong and overseas investors via Shenzhen-Hong Kong Stock Connect.
- ▲ 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. Investors should not solely rely on such information to make any investment decision.
- § "Net Liquidity" was formerly named as "Cash".
- ▼ The ongoing charges figure is based on expenses for the period ended 31 December 2016. 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 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 the holding of financial derivative instruments, withholding tax and capital gains tax.
- \* Minimum 800,000 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 200 Units.
- † Starting from Issue Aug 2013, the word "Listing" was replaced by "Inception".
- ◆ The Manager may in its discretion make distributions to Unitholders in each financial year as the Manager considers appropriate, having regard to the net income of the Fund. Distributions are not guaranteed and the Manager may in its sole and absolute discretion decide not to make any distributions in a financial year.

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.