Bosera FTSE China A50 Index ETF

(Stock code: 82832 / 02832)

博时基金 BOSERA FUNDS

Monthly Factsheet

As of 31 July 2017

Important Information

- Bosera FTSE China A50 Index ETF (the "ETF") aims to provide investment results that, before fees and expenses, closely correspond to the performance of FTSE China A50 Index (the "Index"). The ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (PRC). It may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in values of the Index resulting from the adverse conditions in the PRC.
- The ETF is passively managed and the ETF will decrease in value for any decline in the Index. Bosera Asset Management (International) Co., Ltd. (the "Manager") will not adopt any temporary defensive position against any market downturn.
- The trading price of the ETF's units (the "Units") on the Stock Exchange of Hong Kong Limited (the "SEHK") will be subject to market forces and may trade at a substantial premium/discount to their Net Asset Value (the "NAV"), and may deviate significantly from the NAV per Unit.
- The ETF is a physical RQFII, RMB denominated exchange traded fund investing directly in A-shares. The relative novelty and relatively untested nature of RQFII makes the ETF riskier than traditional exchange traded funds investing in markets other than the PRC.
- The RQFII policies and rules are novel in nature and are subject to change and interpretation of the PRC authorities. Any new restrictions on repatriation of the invested capital and net profits may impact the ETF's ability to meet with redemption request. There is also no assurance that the Manager will continue to maintain its RQFII status or be able to acquire additional RQFII quota. The ETF may not have sufficient RQFII quotas to meet all subscription requests, which may result in a rejection of applications and a suspension of dealings of the ETF.
- The ETF has Units traded in both RMB and HKD. The relative novelty and untested nature of dual counter may bring additional risks for investment in the ETF and may make such investment riskier than investment in single counter ETFs. Not all stockbrokers or custodians may be ready and able to carry out trading and settlement of the RMB traded Units.
- The market price of RMB and HKD traded Units may deviate significantly due to different factors such as market liquidity, supply and demand in each counter and the exchange rate between RMB and HKD (in both onshore and offshore markets). As such investors may pay more or receive less when buying or selling HKD traded Units on the SEHK than in respect of RMB traded Units and vice versa.
- If there is a suspension of the inter-counter transfer or units between the RMB counter and the HKD counter, unitholders will only be able to trade their units in the relevant counter on the SEHK. Investors without RMB accounts may buy and sell HKD traded units only.
- Investors should note that HKD traded Units may be subject to currency exchange risk as the assets of the ETF are denominated in RMB. Distributions are made in RMB only. As such, investors dealing in HKD traded Units may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividends.
- Not all brokers and CCASS participants may be familiar with and able to buy Units in one counter and to sell Units in the other or to carry out inter-counter transfers of Units or to trade both counters at the same time. This may inhibit or delay an investor dealing in both HKD traded Units and RMB traded Units and may mean an investor can only trade in one currency.
- Investing in emerging markets, such as the PRC, and in PRC-related companies involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks. Any restrictions in PRC on foreign ownership or holding of any Index constituents may also cause tracking error and, at worst, the ETF may not be able to achieve its investment objective.
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by RQFIIs on its investments in the PRC (which may have retrospective effect). After careful consideration of the Manager's assessment and having taken and considered independent professional tax advice regarding the application of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "China-HK Arrangement"), the Manager considers, in accordance with such advice, that the Bosera A50 ETF should be able to enjoy a PRC withholding income tax exemption on capital gains derived from trading of A-shares issued by non-immovable properties-rich PRC tax resident companies and has determined to change the tax provisioning approach in respect of the Bosera A50 ETF effective from 14 July 2014 so that it does not make any withholding income tax provision for the account of the Bosera A50 ETF in respect of any potential PRC tax liability on gross unrealised and realised capital gains derived from trading of A-Shares (other than in respect of gross unrealised and realised capital gains derived from trading of A-Shares issued by PRC "immovable properties-rich companies" on which it makes a 10% provision). "Immovable properties-rich companies" refers to PRC tax resident companies in which 50% or more of their assets are comprised, directly or indirectly, of immovable properties situated in the PRC.
- It is possible that the applicable tax laws, regulations and practice may be changed, that the PRC tax authorities may hold a different view or that the assessment of "immovable properties-rich companies" by the Manager may be incorrect. It is also possible that the PRC tax authorities require the Bosera A50 ETF to provide a Hong Kong Tax Resident Certificate ("HKTRC") in order to enjoy the relief under the China-HK Arrangement (the Bosera A50 ETF has not currently obtained a HKTRC) and the Manager may not be able to obtain a HKTRC on behalf of the Bosera A50 ETF. In the event that actual tax is collected by the PRC tax authorities and no provision had been made, the Bosera A50 ETF will ultimately have to bear the full amount of the tax liabilities and the Net Asset Value of the Bosera A50 ETF will be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Bosera A50 ETF. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, persons who have already redeemed their Units in the Bosera A50 ETF before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.
- In the event of any default or bankruptcy of the custodian (directly or through its delegate) or the PRC brokers, the ETF may encounter delays in recovering its asset and may be adversely affected in the execution of any transaction.
- The ETF is denominated in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate.
- 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 ETF, and may have an unpredictable impact on the ETF. Such market interventions may also 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 ETF.
- The ETF is subject to tracking error risks due to factors such as fees and expenses of the ETF and the liquidity of the market etc.
- Although the Manager intends to distribute dividends to Unitholders from net income, in limited circumstances dividends on Units may be distributable out of capital or effectively out of capital (i.e. where the ETF pays dividends out of gross income and charges/pays all or part of the fees and expenses to/out of capital resulting in an increase in distributable income). Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of capital or effectively out of capital may result in an immediate reduction of the NAV per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than 1 month's prior notice to Unitholders.
- The ETF is an investment fund and may not be suitable for everyone. Your investment in the ETF may suffer losses, including the loss of principal.
- Investor should not make any investment decision solely based on the information provided on this material. Investors should refer to the ETF's prospectus and product key facts statement for further details, including the product features and risk factors before making any investment decisions.
- Investment involves risk, including the loss of principal. Past performance is not indicative of future performance. This material has not been reviewed by the Securities and Futures Commission.

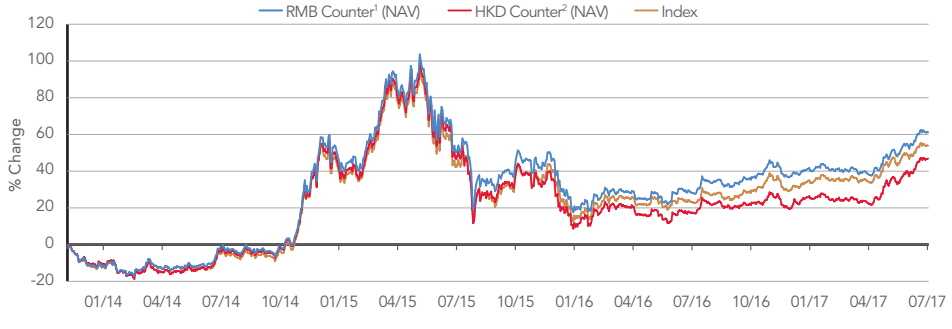
Investment Objective

The ETF seeks to provide investment results that, before fees and expenses, closely correspond to the performance of FTSE China A50 Index (the "Index").

Fund Summary

Fund Manager	Bosera Asset Management (International) Co., Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Management fee	0.99%
Total Expense Ratio	Maximum 3%
Stock exchange	Stock Exchange of Hong Kong
Listing date	09/12/2013
Base currency	RMB
Total net asset value	RMB0.02 billion
NAV Price (Unit)	RMB6.0578 - RMB counter HKD7.0327 - HKD counter
Units outstanding	3,000,000

Cumulative Performance



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As of 31 July 2017

Secondary Market Trading Information

	RMB Counter	HKD Counter
Listing/dealing date	09/12/2013	09/12/2013
Stock code	82832	02832
Bloomberg ticker	82832 HK Equity	2832 HK Equity
ISIN	HK0000172673	HK0000172681
Trading currency	RMB	HKD
Trading board lot	100 units	100 units

Participating Dealers

ABN AMRO Clearing Hong Kong Limited
BNP Paribas Securities Services
BOCI Securities Limited
China International Capital Corporation Hong Kong Securities Limited
China Merchants Securities (HK) Co., Limited
Goldman Sachs (Asia) Securities Limited
Haitong International Securities Company Limited
The Hongkong and Shanghai Banking Corporation Limited
Morgan Stanley Hong Kong Securities Limited
Nomura International (Hong Kong) Limited
UBS Securities Hong Kong Limited

Market Makers (RMB Counter)

BOCI Securities Limited
Commerz Securities Hong Kong Limited
Deutsche Securities Asia Limited
Haitong International Securities Company Limited
UBS Securities Hong Kong Limited

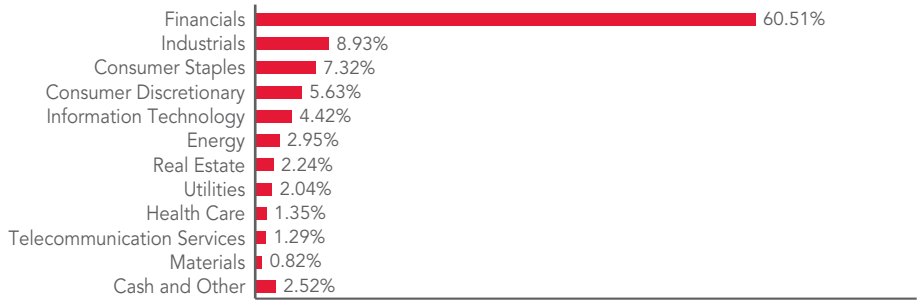
Market Makers (HKD Counter)

BOCI Securities Limited
Commerz Securities Hong Kong Limited
Deutsche Securities Asia Limited
Haitong International Securities Company Limited
UBS Securities Hong Kong Limited

Fund Performance

	1 Mth	3 Mth	6 Mth	1 Yr	Since Launch
RMB Counter[1]	4.21%	15.42%	13.73%	25.52%	61.19%
HKD Counter[2]	4.98%	18.78%	16.22%	25.13%	46.85%
Index[3]	3.02%	13.63%	13.94%	24.84%	53.86%

Sector Allocation



Top 10 Holdings

Company	%
Ping An Insurance Group	10.39
China Merchants Bank Co Ltd	6.64
Industrial Bank Co Ltd	5.42
Kweichow Moutai Co Ltd	4.47
China Minsheng Banking Corp Ltd	4.37
Shanghai Pudong Development Bank	4.06
Midea Group Co Ltd	3.22
CITIC Securities Co Ltd	2.98
Agricultural Bank of China Ltd	2.89
Bank of Communications Co Ltd	2.82

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2017	3.24%	0.08%	-0.90%	-0.65%	5.78%	4.70%	4.21%	-	-	-	-	-	17.42%
2016	-17.11%	-1.94%	9.02%	-0.95%	0.72%	-3.98%	3.79%	4.75%	-1.76%	2.61%	6.53%	-4.96%	-5.82%
2015	-5.69%	2.11%	9.72%	17.97%	-5.00%	-4.69%	-13.22%	-10.06%	-3.67%	6.70%	0.17%	4.79%	-4.95%
2014	-5.72%	-1.65%	0.17%	1.83%	0.02%	0.95%	11.11%	-2.92%	1.27%	2.36%	14.08%	35.47%	65.02%
2013[4]	-	-	-	-	-	-	-	-	-	-	-	-7.07%	-7.07%

Remarks

[1] Source: Bosera International, calculated on NAV-NAV in RMB with dividend reinvested.
[2] Source: Bosera International, calculated on NAV-NAV in HKD with dividend reinvested.
[3] Source: FTSE, calculated based on price return in RMB.
[4] Calendar year performance of 2013 is calculated since launch date 4 Dec. 2013.

Disclaimer

Unless stated otherwise, all information as at the last valuation date of the month.
Past performance is not indicative of future performance. Investments are subject to risk and there is no guarantee that these investment objectives will be achieved. The value of investments and the income from them can fall as well as rise and investors may not get back the full amount originally invested. All views expressed cannot be construed as an offer or recommendation by Bosera Asset Management (International) Co., Limited ("Bosera International"). Bosera International shall not be held liable for damages arising out of any person's reliance upon this information. Please refer to the offering document and the key fact statement of the Fund for details, including the risk factors.

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