

# PRODUCT KEY FACTS

## Yuanta/P-shares Taiwan Top 50 ETF (H.K.)



Yuanta Securities (Hong Kong) Company Limited

30 April 2016

- *This is an exchange traded fund.*
- *This statement provides you with key information about this product.*
- *This statement is a part of the Explanatory Memorandum.*
- *You should not invest in this product based on this statement alone.*

### Quick facts

Stock code:	3002
Trading lot size:	200 units
Manager:	Yuanta Securities (Hong Kong) Company Limited
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year*:	8.28%
Tracking difference of the last calendar year**:	-5.06%
Underlying Index:	FTSE TWSE Taiwan 50 Index (the “Index”)
Base currency:	Hong Kong Dollars (HKD)
Dividend policy:	Annually (if any)
Financial year end of this fund:	31 December
ETF website:	<a href="http://www.yuanta.com.hk">http://www.yuanta.com.hk</a>

### What is this product?

Yuanta/P-shares Taiwan Top 50 ETF (H.K.) (the “**Sub-Fund**”) is a sub-fund of Yuanta Tracker Fund (H.K.) Series (the “**Trust**”), an umbrella unit trust established under Hong Kong law. The units of the Sub-Fund are listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). These units are traded on the SEHK like listed stocks.

### Objectives and Investment Strategy

#### Objectives

The investment objective of the Sub-Fund is to provide investment results that, after expenses, closely linked to or correspond to the performance of the Index.

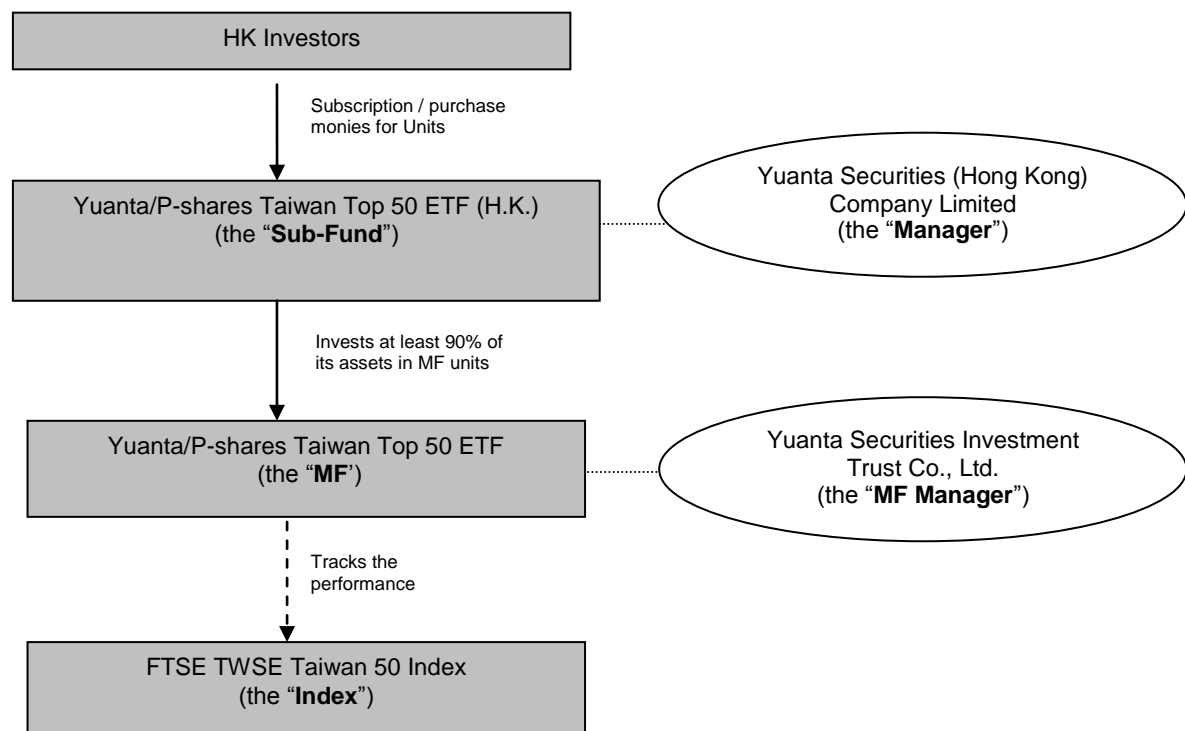
\* The ongoing charges figure is based on expenses for the year ended 31 December 2015. This figure may vary from year to year.

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

## Strategy

The Sub-Fund is a feeder fund which will invest substantially all of its assets in the Yuanta/P-shares Taiwan Top 50 ETF (the “MF”). The MF is a passively-managed index-tracking exchange traded fund listed on The Stock Exchange of Taiwan (the “TWSE”). The MF is domiciled in Taiwan and its home regulator is The Taiwan Financial Supervisory Commission.

To achieve the investment objective, the Sub-Fund will aim at investing at least 90% of its assets in the MF. It may also invest up to 10% of its assets in index futures contracts, options on futures contracts, stock index options and cash, local currency and forward currency exchange contract that are intended to facilitate the Sub-Fund to achieve investment results that closely linked to or correspond to the performance of the Index as closely as possible, or for hedging purposes. The Manager will not use these instruments to leverage, or borrow against, the Sub-Fund’s securities holdings or for speculative purposes. The Sub-Fund will not enter into any repurchase agreement, stock lending transactions and other similar over-the-counter transactions.



## Information of the MF

### *MF Manager*

Yuanta Securities Investment Trust Co., Ltd.

### *Objective*

The investment objective of the MF is to track the performance of the Index and is authorised by The Taiwan Financial Supervisory Commission.

### *Strategy*

To achieve the investment objective, the MF will adopt a combination of (1) full replication, and (2) “optimisation” as explained below:

- (1) The MF will invest in substantially all the securities constituting the Index in substantially the same weightings as these securities have in the Index.
- (2) The MF will hold a representative sample of the securities in the Index, selected by the MF Manager using quantitative analytical models. The MF Manager seeks to construct the portfolio of the MF so that, in the aggregate, its capitalisation, industry and fundamental/ technical investment characteristics perform like those of the Index. The MF Manager will review the MF regularly and will adjust the MF’s portfolio, when necessary, to conform to changes in the composition of the Index.

## Index

The Index is consisted of the 50 most highly capitalised blue chip stocks listed on the TWSE and represents nearly 70% of the Taiwanese market. It is a price return index which means that the net dividends of the securities of the Index are excluded.

The Index was launched on 29 October 2002.

The Index Provider is a joint venture between the TWSE and FTSE International Limited (“FTSE”). The Manager (or its Connected Persons) is independent of the TWSE and FTSE.

As of 29 Apr 2016, the 10 largest constituent stocks of the Index are as follows:

	<b>Index Constituent</b>	<b>Weighting in index</b>
1	Taiwan Semiconductor Manufacturing Co., Ltd	28.45%
2	Hon Hai Precision Industry Co., Ltd	8.31%
3	Chunghwa Telecom Co., Ltd	3.28%
4	Formosa Plastics Corporation	3.12%
5	Formosa Chemicals & Fibre Corporation	2.87%
6	Nan Ya Plastics Corporation	2.86%
7	MediaTek Inc	2.66%
8	Delta Electronics Inc	2.59%
9	Cathay Financial Holding Co., Ltd	2.28%
10	Fubon Financial Holding Co., Ltd	2.26%

For details, please refer to the Index website at

<http://www.ftse.com/products/indices/twse-taiwan>

## What are the key risks?

**Investment involves risks. Please refer to the Explanatory Memorandum for details including 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. Concentration risk

- The Sub-Fund is subject to concentration risk as a result of tracking the performance of companies whose operations and business are primarily from a single region i.e. Taiwan.
- The Sub-Fund is likely to be more volatile than a broadly-based fund such as global or regional equity fund as it is more susceptible to fluctuation in value resulting from adverse conditions in that single region.

### 3. Risks relating to Taiwan

- Investment in the Sub-Fund is subject to the risks associated with investment in Taiwan markets which involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, economic, foreign exchange, currency repatriation and regulatory risks.

#### **4. Derivatives risk**

- The Sub-Fund may, subject to its investment restrictions, invest up to 10% of its assets in derivative instruments to gain exposure to constituent securities of the Index.
- This means that the Sub-Fund is subject to counterparty risk and may suffer losses equal to the full value of the derivative instruments if the counterparty fails to perform its obligation under the derivative contract. Any loss would result in a reduction in the net asset value of the Sub-Fund (the “NAV”) and impair the abilities of the Sub-Fund to achieve its investment objective to track its Index.

#### **5. Risk relating to the master-feeder fund structure**

- The Sub-Fund may be subject to additional tracking error by virtue of its investments in the MF, which is valued as listed securities at official closing prices. The MF can potentially contribute to tracking error due to any premium or discount in the secondary market and the additional costs incurred at the MF level.
- The Sub-Fund may be adversely affected by the trading suspension of the MF.

#### **6. Trading hour’s difference**

- As the TWSE may be open when units in the Sub-Fund are not priced, the value of the securities in the Sub-Fund’s portfolio may change on days when investors will not be able to purchase or sell the Sub-Fund’s units.
- Furthermore, the market prices of underlying securities listed on the TWSE may not be available during part of all of the SEHK trading sessions due to trading hour differences which may result in the trading price of the Sub-Fund deviating away from the net asset value.

#### **7. Foreign exchange risk**

- The units of the Sub-Fund listed on the SEHK are traded in Hong Kong dollar but the Index is calculated in New Taiwan dollar and the investment portfolio of the Sub-Fund generally comprises investment domiciled in New Taiwan dollar. Accordingly, unitholders will be exposed to foreign exchange currency risks arising from the fluctuations of Hong Kong dollar and New Taiwan dollar.

#### **8. Passive investments**

- 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.

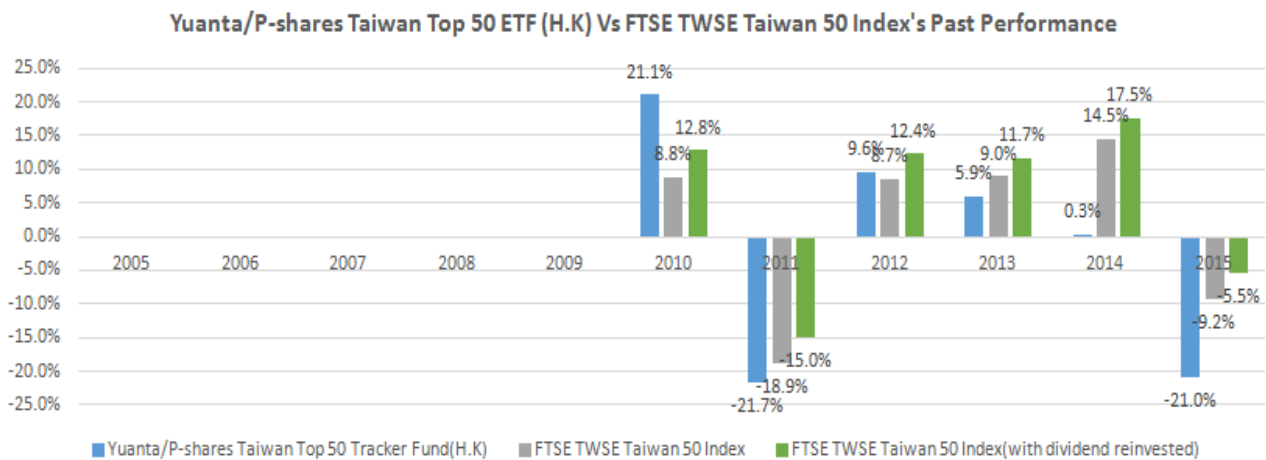
#### **9. Trading risk**

- 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 NAV.

#### **10. Termination risk**

- The Sub-Fund may be terminated early under certain circumstances, for example where the MF is terminated or if the size of the Sub-Fund falls below HK\$50 million. Investors should refer to the section “Termination of the Trust and/or Sub-Funds” in the Explanatory Memorandum for further details. Unitholders may suffer substantial loss in the event of the early termination of the Sub-Fund.

## Past Performance Information



- 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 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 subscription fee and redemption fee you might have to pay.
- Sub-Fund launch date: 2009

## Is there any guarantee?

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

## What are the fees and charges?

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

Fee	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027% of the trading price
Trading fee	0.005% of the trading price
Stamp duty	Nil

### 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 which may affect the trading price.

	Annual rate (as a % of the NAV)
Management Fee	0.38% per annum **
Trustee Fee	0.115% per annum ** (subject to a minimum of HKD 312,000 per annum)
Performance Fee	Nil

<b>Other on-going costs</b>	Please refer to EM for details of on-going costs payable by the Sub-Fund.
<p>** Such fee may be increased to the specified permitted maximum level by giving unitholders (and Trustee, in case for Management Fee) not less than 1 month's notice.</p>	
<p><b>Ongoing fees payable by the MF</b></p>	
	<b>Annual rate (as a % of the NAV)</b>
<b>Management Fee</b>	0.32% per annum
<b>Custodian Fee</b>	0.035% per annum
<b>Other on- going costs</b>	Please refer to EM for details of on-going costs payable by the MF
<p><b>Additional Information</b></p>	
<p>You can find the following information of the Sub-Fund at the website <a href="http://www.yuanta.com.hk">http://www.yuanta.com.hk</a> :</p>	
<ul style="list-style-type: none"> <li>• the Explanatory Memorandum of the Sub-Fund and this statement (as revised from time to time);</li> <li>• the latest annual and semi-annual financial reports of the Sub-Fund;</li> <li>• any notices and any announcements issued by the Manager in respect of the Sub-Fund;</li> <li>• the last closing NAV per unit of the Sub-Fund;</li> <li>• the estimated NAV per unit of the Sub-Fund throughout each dealing day; and</li> <li>• the list of market makers and participating dealers of the Sub-Fund.</li> </ul>	
<p>You can also find the following information of the MF at the website <a href="http://www.yuanta.com.hk">http://www.yuanta.com.hk</a> (such information is made by a hyperlink to MF Manager's website):</p>	
<ul style="list-style-type: none"> <li>• the estimated net asset value per MF unit, last closing net asset value per MF unit and last market closing price for MF unit (in the Chinese language only);</li> <li>• the latest annual and semi-annual financial reports of the MF (in the Chinese language only);</li> <li>• any notices of the suspension and resumption of trading in respect of MF units;</li> <li>• any information in relation to the MF which the MF Manager is required to notify to MF unitholders under Taiwanese laws and regulations (in the Chinese language only);</li> <li>• the latest full and simplified prospectuses of the MF (which are updated quarterly and available within one month of the end of the period they cover) and any other information in relation to the MF which are available to investors including monthly report, press release etc. (in the Chinese language only); and</li> <li>• any notices in relation to (i) changes to constitutive documents of the MF, (ii) changes of key operators of the MF and their regulatory status and controlling shareholder, (iii) changes in investment objectives, policies and restrictions (including the purpose or extent of use of derivatives), fee structure and dealing and pricing arrangements of the MF; and (iv) any other changes that may materially prejudice MF unitholders' rights or interests.</li> </ul>	
<p>Our website at <a href="http://www.yuanta.com.hk">http://www.yuanta.com.hk</a> has not been reviewed by the SFC.</p>	
<p><b>Important</b></p>	
<p>If you are in doubt, you should seek professional advice.</p>	
<p>The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.</p>	