



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng China A Industry Top Index Fund (the “Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum”) and the Term Sheet of the Fund.***
- ***You should not invest in the Fund based on this statement alone.***

Quick Facts

Manager:	Hang Seng Investment Management Limited		
Trustee & Registrar:	HSBC Institutional Trust Services (Asia) Limited		
Base Currency:	RMB		
Underlying Index:	Hang Seng China A Industry Top Index		
Dealing Frequency:	Daily*		
Dividend Policy:	No distribution, any income received by the Fund will be accumulated and reflected in the Unit price.		
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund		
Ongoing charges over a year**	Class A - Accumulation Units		1.35%
	Class A HKD (Hedged) - Accumulation Units		1.35%
	Class A USD (Hedged) - Accumulation Units		1.35%
	Class D HKD (Hedged) - Accumulation Units		1.35%
Tracking difference of 2021***	Class A - Accumulation Units		-1.06%
	Class A HKD (Hedged) - Accumulation Units		-3.52%
	Class A USD (Hedged) - Accumulation Units		-3.40%
	Class D HKD (Hedged) - Accumulation Units		-3.41%
Financial year end of the Fund:	31 December		

* A Dealing Day is any day which is (i) a Business Day and (ii) a dealing day of the Underlying Fund.

** The ongoing charges figures are based on ongoing expenses for the year ended 31 December 2021 expressed as a percentage of the Fund's average Net Asset Value for the same period. They include the fees of the Manager and the Trustee and the ongoing charges of underlying fund in which the Fund invests. Please refer to the “CHARGES AND EXPENSES” section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details. This figure may vary from year to year.

*** This is the actual tracking difference of the calendar year 2021.

What is the Fund?

- ❖ The Fund is a fund in the Hang Seng Investment Series, which is a unit trust established as an umbrella fund and is currently domiciled in The Hong Kong Special Administrative Region (“Hong Kong”).
- ❖ This is a feeder fund and an index fund.

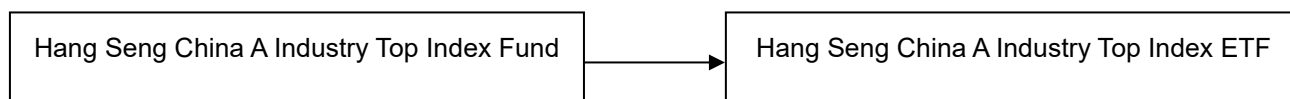
Objective and Investment Strategy

Objective

The investment objective of the Fund is to provide investment results that match as closely as practicable, before fees and expenses, the total return performance (net of withholding tax) of the Hang Seng China A Industry Top Index (the “Index”).

Investment Strategy

The Fund is a feeder fund and an index fund that seeks to achieve its investment objective by investing solely in another index-tracking fund authorised by the SFC with a substantially similar investment objective as that of the Fund and managed by the Manager (the “Underlying Fund”). Currently, the Manager has selected the Hang Seng China A Industry Top Index ETF as the Underlying Fund, which will not use financial derivative instruments for any purposes. The Underlying Fund is authorized by SFC. (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.)



The Underlying Fund

The Underlying Fund is an exchange-traded fund and units of the Underlying Fund are listed on The Stock Exchange of Hong Kong Limited (“SEHK”). Similar to the investment objective of the Fund, the Underlying Fund’s investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. The manager of the Underlying Fund will only use a full replication strategy through investing directly in constituent stocks of the Index in substantially the same weightings in which they are included in the Index, through the Renminbi qualified foreign institutional investor (“RQFII”) investment quota granted to the manager of the Underlying Fund by the State Administration of Foreign Exchange and/or via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the “Stock Connect”).

Currently the manager of the Underlying Fund has no intention to invest the Underlying Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

There is no current intention for the Underlying Fund to engage in securities lending, repurchase transactions or other similar over-the-counter transactions.

The Prospectus (including the Product Key Facts Statement) of the Underlying Fund is available at www.hangsenginvestment.com[▲].

As the Underlying Fund is listed and traded on the SEHK, general investors can directly buy or sell units of the Underlying Fund on the SEHK through a stockbroker or a bank in order to obtain exposure to the Index. Investors should note the differences between the Fund and the Underlying Fund, including the differences in respect of fees and charges, trading channel, dealing frequency and dealing price determination and decide whether they wish to invest in the Fund or invest in the Underlying Fund directly.

Index

The Index is a free float adjusted market capitalisation weighted index that is sponsored by Hang Seng Indexes Company Limited (“Index Provider”). The Index is denominated in RMB. The Index Provider has been appointed for the calculation and dissemination of the Index on a real time basis. The Index reflects the performance of industry leaders in each of the 12 industries under the Hang Seng Industry Classification System. The inception date of the Index was 21 September 2009 and the Index had a base level of 1,000 on 1 July 2005.

The Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return version (net of withholding tax) of the Index.

Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index Provider and the Manager will perform in connection with the Fund may give rise to potential conflicts of interest but the Manager will manage any such conflicts in the best interest of investors. Please refer to the Term Sheet of the Fund for further details.

Leaders in any industrial sector refer to those sizable companies that outperform their peers on the Shanghai Stock Exchange and the Shenzhen Stock Exchange in terms of revenue and profitability.

As of 13 April 2022, the Index had a free float adjusted market capitalisation of RMB 5,918.6 billion and 52 constituents listed in mainland China. The constituents of the Index together with their respective weightings may be accessed via the website of the Index Provider at www.hsi.com.hk/▲

For details, please refer to the website of the Index Provider at www.hsi.com.hk/▲.

Use of derivatives / investment in derivatives

The Fund will not use financial derivative instruments for any purposes other than for hedging the currency exposure in currency hedged classes.

What are the key risks?

Investment involves risks. Please refer to the “Risk Factors” section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details.

Investment Risks

- ❖ The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore an investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

Currency Hedging Risk

- ❖ The Fund may attempt to hedge the currency of denomination of a Class of Units against the base currency of the Fund or the currency of the underlying assets. The costs of hedging transactions will be reflected in the Net Asset Value of such Class of Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.
- ❖ If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.
- ❖ There is no assurance that hedging will be effective and Unitholders may still be subject to the currency exchange risk. Any profits or losses from currency hedging shall accrue to the value of the relevant currency hedged classes.
- ❖ When the Manager seeks to hedge against currency fluctuations, while it is not the intention, this could result in over-hedged or under-hedged positions. Furthermore, risks associated with leverage may arise from the derivative positions of the hedging transactions as a result of over-hedging the currency exposure. Unitholders of a hedged class may have exposure to currencies other than the denominated currency of that hedged class. It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to the Fund's base currency and/or the currency of the underlying asset, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Fund's base currency and/or the currency of the underlying asset relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Fund's base currency and/or the currency of the underlying asset.
- ❖ Unitholders whose base currency is different from the currency of the hedged class may be exposed to additional currency risk.

Currency and exchange rate control Risk

- ❖ A Class of Units may be designated in a currency other than the base currency of the Fund, the net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the Fund's base currency and by changes in exchange rate controls.

Risks for Funds investing in Equities

- ❖ The Fund's investment in the Underlying Fund which invests in equity securities is subject to general market

risks. The value of the equity securities may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Risks relating to the Fund Structure/Underlying Fund

- ❖ As the Fund is a feeder fund which invests solely in the Underlying Fund, the Fund is exposed to the following risks (which include certain risks to which the Underlying Fund is subject):-

General risks of investments associated with investments in the PRC

- ❖ The Fund is subject to concentration risk as a result of its sole investment in the Underlying Fund which tracks the performance of a single geographical region (the PRC).
- ❖ The value of the Underlying Fund may likely be more volatile than that of a broad-based fund, such as a global equity fund. Also, by having exposure in the PRC, an emerging market, the Fund may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- ❖ Given that the A-share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the redemption of units of the Underlying Fund may be disrupted and this may in turn adversely affect the Fund's ability to meet redemption requests of Unitholders.
- ❖ High market volatility and potential settlement difficulties in the PRC markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Underlying Fund which in turn will adversely affect the value of the Fund.

RMB Currency and Conversion Risks

- ❖ RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors (e.g. Hong Kong investors) are exposed to foreign exchange risks and there is no guarantee that the value of RMB against the investors' base currencies (e.g. HK dollars) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
- ❖ While offshore RMB (CNH) and onshore RMB (CNY) represent the same currency, they are traded at different rates. Any divergence between CNH and CNY may adversely impact investors.
- ❖ Under exceptional circumstances, due to the exchange controls and restrictions applicable to RMB, the Fund may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of RMB Units.

Tracking Error Risk

- ❖ Due to fees and expenses of the Fund and the Underlying Fund, the investment strategy used by the Underlying Fund and the liquidity of the market, the Fund's return may deviate from that of the Index. The manager of the Underlying Fund will adopt a full replication strategy to reduce tracking error risk. However, there can be no assurance of exact or identical replication at any time of the performance of the Index.

Risks associated with Passive Investments

- ❖ The Underlying Fund is not "actively managed" and therefore, its manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Underlying Fund. Falls in the Index are expected to result in corresponding falls in the value of the Underlying Fund and, in turn, the Fund will also decrease in value.

General risks of investing in the Underlying Fund

- ❖ The Fund is a feeder fund investing solely in the Underlying Fund. In addition to the expenses and charges charged by the Fund, investors should note that there may be additional fees involved when investing into the Underlying Fund, such as fees and expenses charged by the service providers of the Underlying Fund. Furthermore, there can be no assurance that the Underlying Fund's investment objectives and strategies will be successfully achieved or that the liquidity of the Underlying Fund will always be sufficient to meet realisation requests. In addition, there could be trading suspension of the Underlying Fund in the secondary market. These factors may have an adverse impact on the Fund and its investors. As the Fund invests in the Underlying Fund which is also managed by the Manager, potential conflict of interest may arise.

RQFII Regime Related Risks

- ❖ The Underlying Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including requirements and restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- ❖ The Underlying Fund may suffer substantial losses if there is insufficient RQFII quota allocated for the Underlying Fund to make investments, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Underlying Fund may be prohibited from trading of relevant securities and repatriation of the Underlying Fund's monies, or if any of the key operators or parties (including RQFII 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).

Risks associated with the Stock Connect

- ❖ The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Underlying Fund's ability to invest in A-Shares or access the PRC market through the programme will be adversely affected. In such event, the Underlying Fund's ability to achieve its investment objective could be negatively affected and the Underlying Fund may impose a suspension on the primary trading through special creations. While the Fund may then invest in the Underlying Fund through secondary market trading, the Fund would be negatively affected where the market price deviates from the net asset value of the Underlying Fund and trades at a substantial premium.

PRC Tax Risk

- ❖ The Underlying Fund may be subject to PRC Corporate Income Tax ("CIT") and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC securities. The manager of the Underlying Fund reserves the right to make relevant provision on such incomes (if any) if so warranted.
- ❖ Based on professional and independent tax advice, currently, the manager of the Underlying Fund does not make withholding income tax provision for gross realised or unrealised capital gains derived from trading of A-Shares via RQFII or Stock Connect.
- ❖ There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of investments in the PRC via RQFII quota or Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Underlying Fund may adversely affect the Underlying Fund's value, which in turn may adversely affect the Fund's value. If taxes are levied in future on the Underlying Fund for which no provision is made, the Underlying Fund's net asset value will be adversely affected which may in turn adversely affect the Fund's net asset value. In this case, the then existing and subsequent investors will be disadvantaged.

Risks relating to trading in secondary market

- ❖ When the Fund invests in the Underlying Fund through secondary market, the trading price of the units of the Underlying Fund on SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units of the Underlying Fund may trade at large premium or discount to the Underlying Fund's net asset value and in the case where the Underlying Fund imposes a suspension on the primary trading through special creation/redemption, such premium or discount may be more substantial.
- ❖ As investors (including the Fund) will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units of the Underlying Fund on the SEHK, investors (including the Fund) may pay more than the net asset value per unit of the Underlying Fund when buying units of the Underlying Fund on the SEHK, and may receive less than the net asset value per unit of the Underlying Fund when selling units of the Underlying Fund on the SEHK.

Reliance on the Same Group Risk

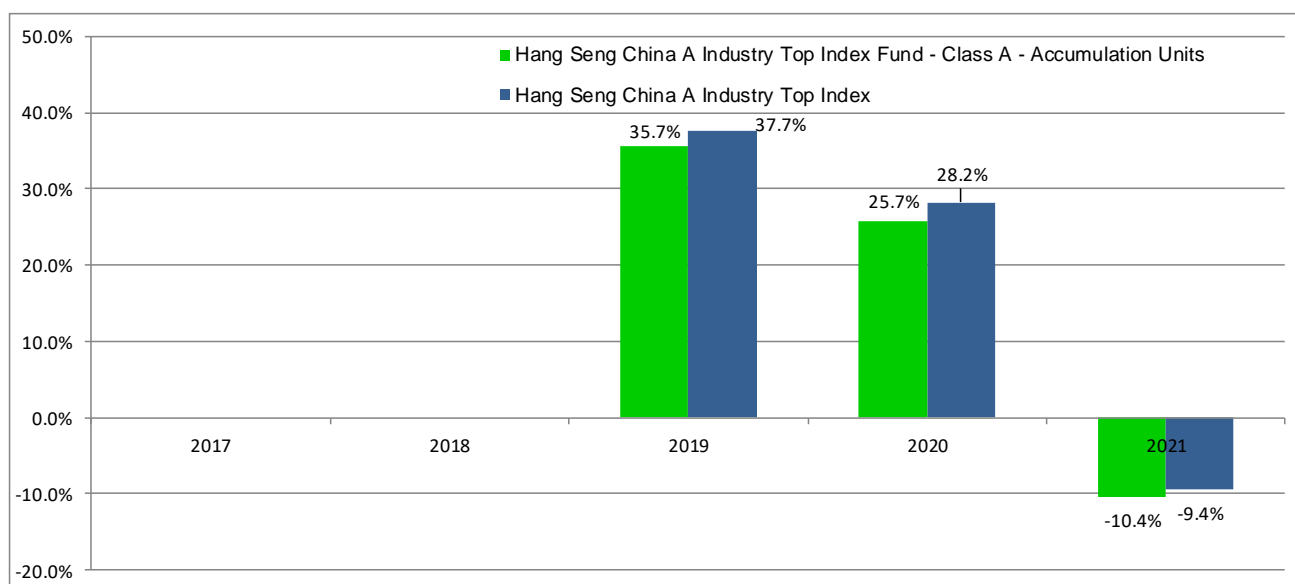
- ❖ Each of the Trustee (also acting as the Registrar of the Fund, the trustee and the registrar of the Underlying Fund), the Manager of the Fund (also acting as the manager and the listing agent of the Underlying Fund), and the Index Provider are subsidiaries of HSBC Holdings plc (the "Group"). Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the Group as a whole or other members of the Group which could affect the provision of services to the Fund. In such event the net asset value of the Fund may be adversely affected and its operation disrupted.

- ❖ In addition, although all transactions will be at arm's length, conflicts of interest in respect of the Fund may arise from time to time amongst the Trustee, the Manager and the Index Provider which are all members of the Group. The Manager will vigorously manage any such conflicts in the best interest of investors.

Termination Risk

- ❖ The Fund may be terminated early under certain circumstances, for example, where there is no market maker for the Underlying Fund, the Index is no longer available for benchmarking (including in circumstances where the Index licence agreement is terminated) or if the size of the Fund falls below an equivalent of US\$4 million. Investors may not be able to recover their investments and may suffer a loss when the Fund is terminated.

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, Unit Price-To-Unit-Price, with dividend (if any) reinvested.
- ❖ These figures show by how much the Class of Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ The Benchmark of the Fund is Hang Seng China A Industry Top Index (total return with dividend reinvested, net of PRC withholding tax).
- ❖ Where no past performance is shown there was insufficient data available in that year to provide performance.
- ❖ Fund launch date: 2018
- ❖ Class A - Accumulation Units launch date: 2018
- ❖ The Manager views Class A - Accumulation Units, being the retail Class of Units which has the longest track record and is denominated in the Fund's base currency, as the most appropriate representative Class of Units.
- ❖ Investors may obtain the past performance information of other Class(es) of Units (if any) from the website www.hangsenginvestment.com[▲] when it has an investment track record of not less than 6 months.

Is there any guarantee?

The 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 which may be payable by you

You may have to pay the following fees when dealing in the Units of the Fund.

Fee	What you pay [#]	
Subscription Fee	Class A Units	Up to 3.0% of the issue price of the Fund
	Class A HKD (Hedged) Units	
	Class A USD (Hedged) Units	
	Class D HKD (Hedged) Units	
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
	Class A HKD (Hedged) Units	
	Class A USD (Hedged) Units	
	Class D HKD (Hedged) Units	
Redemption Fee	Class A Units	Nil
	Class A HKD (Hedged) Units	
	Class A USD (Hedged) Units	
	Class D HKD (Hedged) Units	

[#] Please contact the Authorised Distributor(s) of the Fund for details.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

		Annual rate		
		The Fund [^] (as a percentage per annum on the net asset value of the Fund)	The Underlying Fund [†] (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (as a percentage per annum on the net asset value of the Fund)
Management Fee	Class A Units	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A HKD (Hedged) Units			
	Class A USD (Hedged) Units			
	Class D HKD (Hedged) Units			
Trustee Fee	Class A Units	0.045%	0.08%	0.125%
	Class A HKD (Hedged) Units			
	Class A USD (Hedged) Units			

	Class D HKD (Hedged) Units			
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[^] Please note that, as regard to the Fund, the annual rate stated may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum by giving 1 month's prior notice to relevant Unitholders.

[†] Please note that the annual rate stated is the rate charged currently as specified in the Prospectus of the Underlying Fund. It may be increased up to a permitted maximum rate as set out in the Prospectus of the Underlying Fund by giving 1 month's prior notice to relevant Unitholders.

Other fees

You may have to pay other fees and charges when dealing in the Units of the Fund. Please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum for details.

Additional Information

- ❖ You generally buy and redeem Units at the Fund's next-determined net asset value.
- ❖ To be dealt with on a Dealing Day, your request has to be received by the Authorised Distributor(s) of the Fund in good order on or before the dealing cutoff time as set by them (which may be different from that as set by the Manager). Please contact the Authorised Distributor(s) of the Fund for details.
- ❖ The net asset value of the Fund on each Dealing Day is normally calculated on the Business Day after that Dealing Day and is available online at www.hangsenginvestment.com[▲].
- ❖ Investors may obtain other information of the Fund from the website www.hangsenginvestment.com[▲].

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.

[▲] This website has not been reviewed by the SFC.

Issued by Hang Seng Investment Management Limited (wholly-owned subsidiary of Hang Seng Bank)