



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng Taiwan 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:	USD	
Underlying Index:	FTSE TWSE Taiwan 50 30% Capped Index <sup>##</sup>	
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 <sup>**</sup>	Class A	2.07%
Tracking difference of 2021 <sup>***</sup>	Class A	-2.75%
Financial year end of the Fund:	31 December	

<sup>##</sup> With effect from 23 December 2019, the underlying index of the Fund has been changed from “FTSE TWSE Taiwan 50 Index” to “FTSE TWSE Taiwan 50 30% Capped Index”.

\* Generally, Dealing Day is any day which is (i) a day (except Saturday) on which banks in Hong Kong are open for normal banking business; and (ii) a day on which the Taiwan Stock Exchange Corporation is open for trading. Please refer to the Explanatory Memorandum for the full definition of “Dealing Day”.

<sup>\*\*</sup> The ongoing charges figure is 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. It includes the fees of the Manager and the Trustee. 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. The ongoing charges figure (if any) for Class I Units is available from the Manager on request.

<sup>\*\*\*</sup> This is the actual tracking difference of the calendar year 2021. Tracking difference of Class I Unit is not available as there was no Class I Unit in issue as at 31 December 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 an index fund.

### Objective and Investment Strategy

#### Objective

The investment objective of the Fund is to match as closely as practicable, before fees and expenses, the total return performance (net of tax) of the FTSE TWSE Taiwan 50 30% Capped Index (the “Index”) through investing primarily in the constituent stocks of the Index.

### **Investment Strategy**

The Manager primarily adopts the full replication strategy by which the assets of the Fund comprise the constituent stocks with reference to their respective weightings in the Index. In order to maximize portfolio management efficiency, minimize transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial derivative instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

The Fund has obtained the status of a Foreign Institutional Investor ("FINI") from Taiwan Stock Exchange Corporation ("TWSE") so as to become a qualified foreign investor in Taiwan and invest in Taiwanese securities. The Hongkong and Shanghai Banking Corporation Limited, Taipei Branch has been appointed as a custodian of the assets of the Fund under the FINI facility maintained in the name of the Fund.

### **Index**

The Index is one of the indexes in the FTSE TWSE Taiwan Index Series. FTSE International Limited is the benchmark administrator while TWSE is the index provider of the FTSE TWSE Taiwan Index Series. The Manager and its connected persons are independent of TWSE and FTSE International Limited.

The Index consists of the largest 50 companies by full market value listed on Taiwan Stock Exchange.

The Index was launched on 7 October 2019 with a base value of 5000 as of 30 April 2002. It is denominated in New Taiwan dollars and its last closing index level is calculated and published at the end of each day which trading takes place in Taiwan Stock Exchange.

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

The constituents of the Index are free-float adjusted and liquidity screened. The review of the Index is conducted quarterly.

The Index will contain the same constituents as the FTSE TWSE Taiwan 50 Index. The cap level on each constituent weighting is 30%. The constituents of the Index are capped at the quarterly review so that no company represents more than 30% of the Index.

As at 13 April 2022, the Index comprised 50 constituents listed in Taiwan with total market capitalisation of TWD22,392.4 billion. The constituents of the Index together with their respective weightings may be accessed via the website of FTSE Russell at [www.ftserussell.com](http://www.ftserussell.com) ▲.

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### **Use of derivatives / investment in derivatives**

The Fund's net derivative exposure may be up to 50% of its Net Asset Value.

### **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 Risk**

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

#### **Currency and exchange rate control Risk**

- ❖ Where the underlying investments of the Fund are denominated in currencies 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.

#### **Equity Market Risk**

- ❖ The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

#### **Tracking Error Risk**

- ❖ The Fund is subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, and fees and expenses. 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.

#### **Risks associated with Passive Investments**

- ❖ The Fund is passively managed and the Manager does not have the discretion to adapt to market changes due to the inherent investment nature of the Fund. Falls in the Index are expected to result in corresponding falls in the value of the Fund.

#### **Concentration Risk in respect of Index Funds**

- ❖ The Index concentrates in the Taiwan listed securities of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Taiwan.

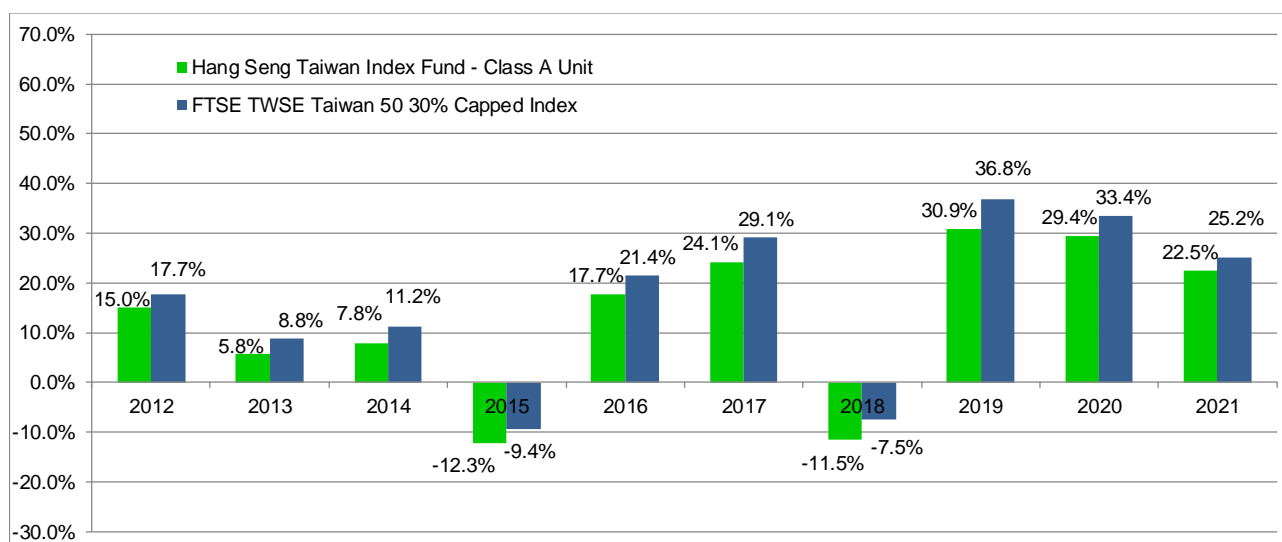
#### **Past Performance Risk**

- ❖ As a result of the change in the Index on 23 December 2019, past performance of the Fund prior to such date was achieved under circumstances that no longer apply. Investors should exercise caution when considering the past performance of the Fund prior to 23 December 2019.

#### **Risk related to the Rebalancing**

- ❖ On 23 December 2019, the underlying index of the Fund was changed from FTSE TWSE Taiwan 50 Index (the "Previous Index") to FTSE TWSE Taiwan 50 30% Capped Index. The rebalancing of assets held by the Fund from constituents and weights of the Previous Index to the constituents and weights of the Index as a result of the change of underlying index is anticipated to take place over a period of 5 trading days around 23 December 2019 (the "Rebalancing"). Although the constituents of the Previous Index and the Index are the same, the Manager considers there is a risk that the tracking difference of the Fund during the Rebalancing might increase. Investors who dealt with the Fund during the Rebalancing should exercise caution.

## How has the Fund performed?



**Note: The performance of the Fund prior to 23 December 2019 was achieved under circumstances that no longer apply as a result of the change in the underlying index of the Fund. Investors should exercise caution when considering the past performance of the Fund prior to 23 December 2019.**

**Prior to 23 December 2019, the underlying index of the Fund was FTSE TWSE Taiwan 50 Index. The underlying index of the Fund was changed to FTSE TWSE Taiwan 50 30% Capped Index on 23 December 2019 in order to address the revised 8.6(e)(ii) of the Code on Unit Trusts and Mutual Funds.**

- ❖ 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 of the Fund and the Index has been calculated in USD including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ The Benchmark of the Fund is FTSE TWSE Taiwan 50 30% Capped Index (total return with dividend reinvested, net of tax).
- ❖ The Class B Units of the Fund were consolidated into Class A Units of the Fund with effect from 24 December 2014.
- ❖ Fund launch date: 2008
- ❖ Class A Units launch date: 2008
- ❖ The Manager views Class A Units, being the retail Class of Units with the longest track record and currently marketed to the public of Hong Kong, as the most appropriate representative Class of Units.
- ❖ Past performance information (if any) for Class I Units is available from the Manager on request.

## 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 <sup>#</sup>	
Subscription Fee	Class A Units	Up to 3.0% of the issue price of the Fund
	Class I Units	Up to 2.0% of the issue price of the Fund
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
	Class I Units	Up to 1.0% of the issue price of the Fund
Redemption Fee	Class A Units	Nil
	Class I Units	

<sup>#</sup> 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 (as a % of the Net Asset Value of the Fund)	
Management Fee <sup>^</sup>	Class A Units	Up to 1.0%
	Class I Units	Up to 0.75%
Trustee Fee <sup>^</sup>	Class A Units	0.045% (subject to a minimum monthly trustee fee of US\$2,500)
	Class I Units	

<sup>^</sup> Please note that 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.

## 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](http://www.hangsenginvestment.com)<sup>▲</sup>.
- ❖ Investors may obtain other information of the Fund from the website [www.hangsenginvestment.com](http://www.hangsenginvestment.com)<sup>▲</sup>.

## 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.

<sup>▲</sup> This website has not been reviewed by the SFC.