



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng UK 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 100 Index
Dealing Frequency:	Daily*
Dividend Policy:	Discretionary, if any The Manager may at its discretion pay dividend out of the capital of the Fund. Payment of dividends 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 such distributions may result in an immediate reduction of the Net Asset Value per Unit.
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund
Ongoing charges over a year**	1.21%
Tracking difference of 2021***	-2.43%
Financial year end of the Fund:	31 December

\* 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 dealing day for the HSBC Index Tracker Investment Funds - FTSE 100 Index Fund (in which the Fund solely invests) or where the Fund invests directly in stocks, a day on which the principal market for such stocks is open for trading. Please refer to the Explanatory Memorandum for the full definition of “Dealing Day”.

\*\* 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 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.

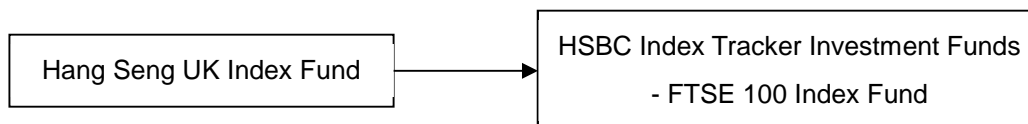
### Objective and Investment Strategy

#### Objective

The investment objective of the Fund is to match, before fees and expenses, the total return performance of the FTSE 100 Index (the "UK 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 collective investment scheme (namely, HSBC Index Tracker Investment Funds - FTSE 100 Index Fund (the "Underlying Fund"), managed by HSBC Global Asset Management (UK) Limited).



### **The Underlying Fund**

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the 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 net derivative exposure of which is up to 50% of its net asset value.

Similar to the investment objective of the Fund, the Underlying Fund aims to track the performance of the UK Index before the deduction of charges and tax. The investment policy of the Underlying Fund is to invest in companies that make up the UK Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management, including hedging, which means investment techniques that aim to reduce risks, reduce costs or generate growth and income. In particular, exchange traded futures maybe used with the aim of generating returns that are consistent with the UK Index in respect of dividends and cash flowing into the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively and their use will be consistent with the risk profile of the Underlying Fund.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund, to manage day-to-day cash flow requirements. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the UK Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. The strategy of the Underlying Fund is to use a replication approach to track the UK Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the UK Index and in the same or very similar proportions in which they are included in the UK Index.

From time to time, the Underlying Fund's investment composition may differ from the UK Index in order to manage the Underlying Fund's transaction costs, to maintain the Underlying Fund's characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the UK Index. The Prospectus of the Underlying Fund is available for reference upon request.

The Underlying Fund may enter into securities lending transactions.

### **Index**

The UK Index is designed to measure the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. The UK Index was launched on 3 January 1984 with a base date of 30 December 1983. It is denominated in USD and is a free float adjusted market capitalisation weighted index. The Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return version of the UK Index.

The Manager and its connected persons are independent of the index provider.

As at 13 April 2022, the UK Index consists of the top 100 stocks in market capitalisation in the United Kingdom with total market capitalisation of GBP 2,006.1 billion. The constituents of the UK Index together with their respective weightings may be accessed via the website of the index provider, FTSE International Limited at [www.ftserussell.com](http://www.ftserussell.com)<sup>▲</sup>

For details, please refer to the website of the Index provider, FTSE International Limited at [www.ftserussell.com](http://www.ftserussell.com)<sup>▲</sup>.

## **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 unfavourably 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):-

#### **Tracking Error Risk**

- ❖ The Fund and the Underlying Fund are subject to tracking error risk, which is the risk that their performance may not track that of the UK Index exactly. This tracking error may result from factors such as the investment strategy used, fees and expenses. The manager of the Underlying Fund 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 UK Index.

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

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

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

- ❖ The Underlying Fund's investments are concentrated in the United Kingdom. The value of the Underlying Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Underlying Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the United Kingdom.

### 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. These factors may have an adverse impact on the Fund and its investors.

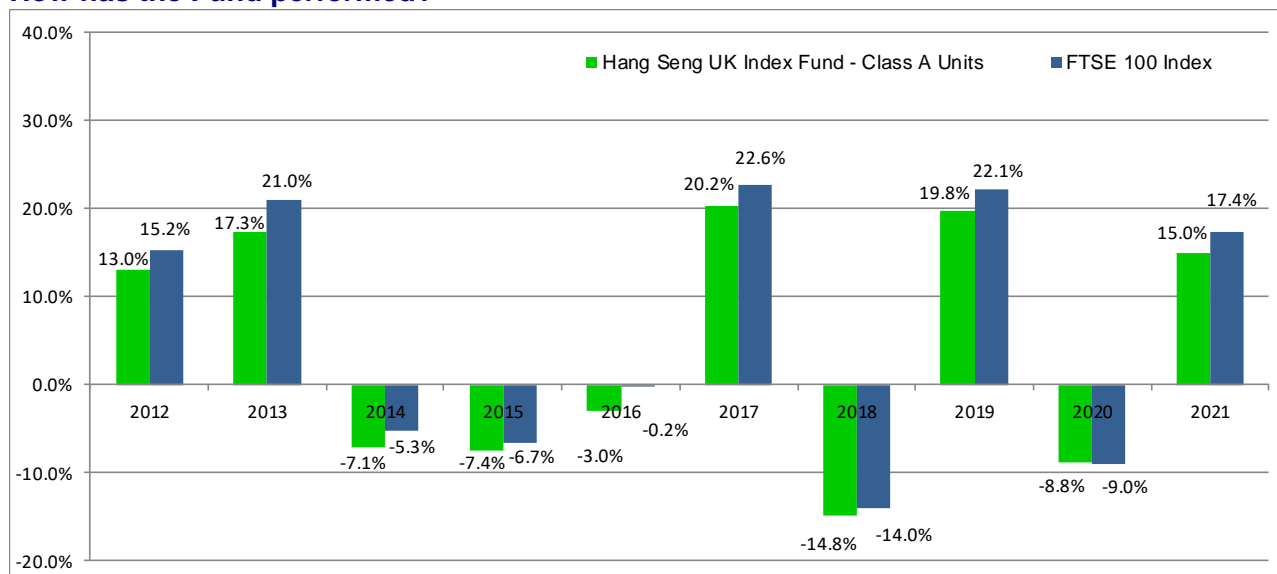
### Reliance on the Same Group Risk

- ❖ Each of the Trustee (also acting as the Registrar of the Fund), the Manager of the Fund, the investment manager and the custodian of the Underlying Fund 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 investment manager and the custodian of the Underlying Fund whilst they belong to the Group. The Manager will vigorously manage any such conflicts in the best interest of investors.

### Risks associated with Distribution out of the Fund's Capital

- ❖ Payment of dividends 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 investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

### 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 Fund 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 100 Index (total return with dividend reinvested).
- ❖ 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: 1999
- ❖ Class A Units launch date: 1999

### 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
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
Redemption Fee	Class A Units	Nil

<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			
		The Fund <sup>^</sup> (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 0.65%)	0.07%*	Up to 1.0% (currently 0.72%)
Trustee Fee	Class A Units	0.045%	Not Applicable	0.045%

<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.

\* With effect from 1 April 2020, the management fee of the Underlying Fund has been reduced from 0.10% per annum to 0.07% per annum of the net asset value of the Underlying Fund.

#### 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>.
- ❖ The compositions of the dividends (if any) (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website [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.

▲ This website has not been reviewed by the SFC.

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