

**Ping An Nasdaq 5HANDL\* ETF**  
(\*A trademark of Nasdaq and its licensors)  
a sub-fund of the Ping An of China Trust  
(Stock Code: 3198)

April 2023

***This is a passive exchange traded fund.***

***This statement provides you with key information about this product. This statement is a part of the offering documents and must be read in conjunction with the Prospectus. You should not invest in this product based on this statement alone.***

**Quick facts**

<b>Stock code:</b>	3198	<b>Trading lot size:</b>	100 units
<b>Fund Manager:</b>	Ping An of China Asset Management (Hong Kong) Company Limited	<b>Underlying index:</b>	Nasdaq 5HANDL™ Index
<b>Trustee:</b>	HSBC Institutional Trust Services (Asia) Limited	<b>Base currency:</b>	US Dollars (US\$)
<b>Ongoing charges over a year<sup>#</sup>:</b>	1.36%	<b>Trading currency:</b>	Hong Kong Dollars (HK\$)
<b>Tracking difference of the last calendar year<sup>†</sup></b>	-0.50%	<b>Dividend policy:</b>	Semi-annually at the discretion of the Manager, usually in June and December.
<b>Financial year end of this fund:</b>	31 December		The Manager intends to pay as dividend to Unitholders cash dividends and distributions the 5HANDL ETF receives from the Underlying ETFs, but there is no guarantee of distribution or rate of distribution.
<b>Exchange listing:</b>	SEHK – Main Board		All Units will receive distributions in the base currency (US\$) only.
<b>Fund website:</b>	<a href="http://asset.pingan.com.hk/eng/3198">http://asset.pingan.com.hk/eng/3198</a> (This website is not reviewed by the Securities and Futures Commission of Hong Kong (“SFC”).)		

**What is this product?**

Ping An Nasdaq 5HANDL\* ETF (\*A trademark of Nasdaq and its licensors) (“5HANDL ETF”) is a sub-fund of the Ping An of China Trust, which is an umbrella unit trust established under Hong Kong law. The 5HANDL ETF is a passively managed index tracking exchange traded fund under Chapter 8.6 of the SFC Code on Unit Trusts and Mutual Funds. It is listed on The Stock Exchange of Hong Kong Limited (“the SEHK”). The Units are traded on the SEHK like listed stocks.

**Objective and Investment Strategy**

<sup>#</sup> The ongoing charges figure is based on actual expenses in audited financial statements, excluding transactional costs for the year ended 31 December 2022. This figure may vary from year to year.

<sup>†</sup> This is an actual tracking difference of the last calendar year ended 31 December 2022. Investors should refer to the ETF website for more up to date information on actual tracking difference.

## **Objective**

The 5HANDL ETF's investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Nasdaq 5HANDL™ Index (the "**Underlying Index**").

## **Investment Strategy**

In order to achieve the investment objective, the 5HANDL ETF intends to primarily adopt a full replication strategy to track the performance of the Underlying Index. The 5HANDL ETF will directly invest in substantially all of the Securities that are included in the Underlying Index, namely exchange traded funds listed on a US stock exchange (each an "**Underlying ETF**"). Investments in exchange traded funds by the 5HANDL ETF are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

Where it is not possible to acquire certain Underlying ETFs which are constituents of the Underlying Index due to restrictions or limited availability, the 5HANDL ETF may also pursue a representative sampling strategy by investing in a portfolio featuring high correlation with the Underlying Index, pursuant to which the 5HANDL ETF may or may not hold all the constituents of the Underlying Index and may overweight certain Underlying ETFs relative to the relevant Underlying ETF's weighting in the Underlying Index. The 5HANDL ETF may invest in exchange traded funds not included as constituents of the Underlying Index as the Manager considers appropriate, provided that the sample closely reflects the overall characteristics of the Underlying Index which the Manager believes will help the 5HANDL ETF achieve its investment objective.

There is no current intention for the 5HANDL ETF to (i) invest in any financial derivatives (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes, (ii) invest in structured products or instruments, structured deposits, asset backed securities, asset backed commercial papers and mortgage backed securities, or (iii) enter into securities lending, sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter ("**OTC**") transactions, but this may change in light of market circumstances and where the 5HANDL ETF does engage in these types of transactions, prior approval shall be obtained from the SFC (if required) and no less than one month's prior notice will be given to the Unitholders.

The Manager may switch between the replication strategy and the representative sampling strategy without prior notice to investors, in its absolute discretion, and as often as it believes is appropriate in order to achieve the investment objective of the 5HANDL ETF by tracking the Underlying Index as closely as possible to the benefit of investors.

## **The Underlying Index (Bloomberg Ticker: N5HNDLN)**

The Underlying Index, launched on 13 June 2018, is a modified equal weighted index designed to create a diversified, multi-asset portfolio of low-cost exchange traded funds, with an objective to maximise risk-adjusted returns, with a target (but not a guarantee) of supporting a 5% annual distribution rate<sup>#</sup>. The portfolio of the Underlying Index consists of passive and active exchange traded funds that are listed and traded on stock exchanges in the US. The Underlying ETFs may invest in the following asset classes: (i) the "Core Portfolio" of Underlying ETFs invest in U.S. aggregate fixed-income and U.S. large cap equities; and (ii) the "Explore Portfolio" of Underlying ETFs (which may include actively managed fixed income ETFs) invest in dividend equity, indexed covered call portfolios based on either the S&P 500 Index or NASDAQ-100 Index, fixed income securities (including investment grade bonds, high-yield bonds and U.S. municipal bonds), master limited partnerships, mortgage-backed securities, preferred securities, real estate investment trusts (REITs), U.S. utility securities and other collective investment schemes.

The Underlying Index is calculated and denominated in USD. A modified equal weighted index means that the Core Portfolio and Explore Portfolio will have the same weighting at each rebalancing. Please refer to the Prospectus on further information on weightings within each portfolio.

The Underlying Index is a net total return index. A net total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested on the ex-date based on the securities incorporation withholding rate.

The Underlying Index is compiled and managed by Nasdaq, Inc. (the "**Index Provider**"). For more information, please refer to the section "The Underlying Index" of the Prospectus. The Manager and its Connected Persons are independent of the Index Provider.

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As at 31 December 2022, the Underlying Index had a total market capitalisation of USD964.78 billion approximately comprising 19 constituents.

For details of the constituent list, their respective weightings and other information about the Underlying Index, please refer to the website of the Index Provider at <https://indexes.nasdaqomx.com/Index/Overview/NQ5HANDL> (this website has not been reviewed by the SFC).

# The 5% annual distribution rate is only a target return that the Index Provider aims to achieve in designing the index methodology and does not in any way provide or represent a guaranteed rate of return or distribution on investments in the Underlying Index or the 5HANDL ETF. Dividend yield of an exchange traded fund is not the main criterion for constituent selection of the Underlying Index. For more details on the index methodology please refer to the Prospectus.

### **Use of derivatives / Investment in derivatives**

The 5HANDL ETF will not use derivatives for any purposes.

### **What are the key risks?**

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

#### **Investment risk**

- The 5HANDL ETF's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the 5HANDL ETF may suffer losses. There is no guarantee of the repayment of principal.

#### **Modified equal weighted index risks**

- The Underlying Index is a modified equal weighted index whereby the "Core Portfolio" and "Explore Portfolio" will have the same weighting at each rebalancing, regardless of its size or market capitalisation, based on the methodology of the Underlying Index. The 5HANDL ETF will therefore be subject to higher risks of the Underlying ETFs in the specified categories than a market capitalisation index. The 5HANDL ETF by tracking the Underlying Index may also have relatively large holdings in Underlying ETFs with smaller market capitalisation than it would have held if tracking a capitalisation weighted index, leading to higher risks and potential underperformance.

#### **Risks of investing in the Underlying ETFs**

- *General:* The 5HANDL ETF does not have control over the investments of the Underlying ETFs and there is no assurance that the investment objective and strategy of the Underlying ETFs will be successfully achieved which may have a negative impact on the NAV of the 5HANDL ETF.
- *Additional costs:* There may be additional costs involved when investing in these Underlying ETFs. There may be implications of certain charges to buy or sell units of Underlying ETFs. Investor should be aware that investment into the Underlying ETFs may involve another layer of fees in addition to those charged by the 5HANDL ETF.
- *Liquidity risks:* The Underlying ETFs are not regulated by the SFC. There is also no guarantee that the Underlying ETFs will always have sufficient liquidity to meet the 5HANDL ETF's redemption requests as and when they are made.
- *Passive investment risks:* The Underlying ETFs may be passively managed and the manager of these passively managed Underlying ETFs will not have the discretion to adapt to market changes due to the inherent investment nature of these Underlying ETFs. Decreases in the underlying index of the passively managed Underlying ETFs are expected to result in corresponding decreases in the value of the 5HANDL ETF.
- *Tracking error risks:* The Underlying ETFs which are passively managed may be subject to tracking error risk, which is the risk that their performance may not track that of the underlying index exactly. Tracking error may result from the investment strategy used, fees and expenses, imperfect correlation between ETF assets and the underlying securities within the relevant index, rounding of share prices and adjustments to the index. There can be no assurance of exact or identical replication at any time of the performance of the underlying index, which may have an adverse impact on these Underlying ETFs and the 5HANDL ETF.
- *Trading risks:* There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange. The units/shares of any Underlying ETFs in which the 5HANDL ETF invests may be traded at large discounts or premiums to their net asset value, which may in turn affect the NAV of the

5HANDL ETF.

- *Risks of underlying investments:* The 5HANDL ETF will be subject to the risks of the underlying investments of the Underlying ETFs. Please refer to the below risk factors for further details.

**Equity market risk**

- The Underlying ETFs' underlying 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.

**Risk associated with debt securities**

- *Credit / Counterparty risk:* The 5HANDL ETF is exposed to the credit/default risk of issuers of the debt securities that the Underlying ETFs may invest in.
- *Interest rate risk:* Investment in the Underlying ETFs which invest in bonds is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.
- *Downgrading risk:* The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the relevant Underlying ETF may be adversely affected. The manager of an Underlying ETF may or may not be able to dispose of the debt instruments that are being downgraded.
- *Debt securities rated below investment grade risk:* An Underlying ETF may invest in debt securities rated below investment grade (designated/assigned by an internationally recognised credit agency) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
- *Credit rating risk:* Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

**Risk associated with mortgage backed securities**

- An Underlying ETF may invest in mortgage-backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

**Risks associated with REITs**

- An Underlying ETF may invest in REITs, which may subject the 5HANDL ETF to risks similar to those from direct ownership of real property. These risks include, among others, possible declines in the value of real estate risks related to general and local economic conditions, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increases in competition, real estate taxes and transaction, operating and foreclosure expenses, changes in zoning laws, costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, casualty or condemnation losses, uninsured damages from natural disasters and acts of terrorism, limitations on and variations in rents, and changes in interest rates.

**Market risk**

- The 5HANDL ETF's investment in exchange traded funds 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.

**Currency risk**

- Underlying investments of the 5HANDL ETF may be denominated in currencies other than the base currency of the 5HANDL ETF. The NAV of the 5HANDL ETF may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

**Distribution risk**

- The Manager intends to pay as dividend to Unitholders cash dividends and distributions the 5HANDL ETF receives from the Underlying ETFs, but there is no guarantee of distribution or rate of distribution. Dividend distributions

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are subject to the discretion of the Manager. Therefore, investors may not receive any dividends from the 5HANDL ETF, notwithstanding that the 5HANDL ETF may receive dividend income from the securities it holds.

**Passive investment risk**

- The 5HANDL ETF is passively managed and the Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the 5HANDL ETF. Falls in the Underlying Index are expected to result in corresponding falls in the value of the 5HANDL ETF.

**Trading risk**

- 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.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units on the SEHK, investors may pay more than the NAV per unit when buying units on the SEHK, and may receive less than the NAV per unit when selling units on the SEHK.

**Tracking error risk**

- The 5HANDL ETF may be subject to tracking error risk, which is the risk that its performance may not track that of the Underlying 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 Underlying Index

**Trading differences risks**

- As the stock exchanges in which the 5HANDL ETF invests may be open when units in the 5HANDL ETF are not priced, the value of the securities in the 5HANDL ETF's portfolio may change on days when investors will not be able to purchase or sell the 5HANDL ETF's units. Differences in trading hours between the stock exchanges in which the 5HANDL ETF invests and the SEHK may also increase the level of premium or discount of the unit price to its NAV.

**Termination risk**

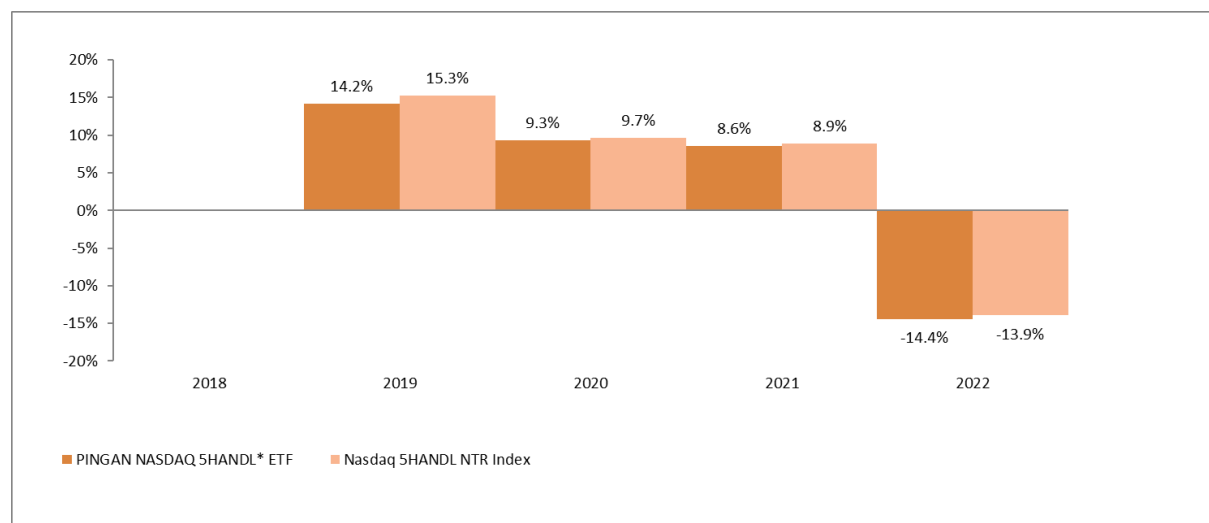
- The 5HANDL ETF may be terminated early under certain circumstances, for example, where the Underlying Index is no longer available for benchmarking or if the size of the 5HANDL ETF falls below HK\$200,000,000. Investors may not be able to recover their investments and suffer a loss when the 5HANDL ETF is terminated.

**Reliance on market maker risks**

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the units and that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the units. There is also no guarantee that any market making activity will be effective.

## How has the 5HANDL ETF performed?

### Fund Performance vs Underlying Index Performance



- 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 5HANDL ETF increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The underlying index of the 5HANDL ETF is Nasdaq 5HANDL™ Index.
- 5HANDL ETF launch date: 4 December 2018.

## Is there any guarantee?

The 5HANDL ETF does not provide any guarantees. You may not get back the amount of money you invest.

## What are the fees and charges?

*Please refer to Schedule 1 of the Prospectus for details of other fees and expenses applicable to the creation or redemption, or dealing in the Units of the 5HANDL ETF.*

### Charges incurred when trading the 5HANDL ETF on SEHK

Fee	What you pay
<b>Brokerage fee</b>	At each broker's discretion
<b>Transaction levy</b>	0.0027% of the trading price of the Units <sup>1</sup>
<b>Trading fee</b>	0.00565% of the trading price of the Units <sup>2</sup>
<b>Financial Reporting Council ("FRC") transaction levy</b>	0.00015% of the trading price of the Units <sup>3</sup>
<b>Stamp duty</b>	Nil

1. Transaction levy of 0.0027% of the price of the Units, payable by each of the buyer and the seller.

2. Trading fee of 0.00565% of the price of the Units, payable by each of the buyer and the seller.

3. FRC transaction levy of 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.

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### Ongoing fees payable by the 5HANDL ETF

The following expenses will be paid out of the 5HANDL ETF. They affect you because they reduce the NAV which may affect the trading price.

	<b>Annual rate (as a % of the Sub-Fund's NAV)</b>
<b>Management fee*</b>	Currently 0.55% per annum, up to a maximum of 2% per annum.
<b>Trustee fee*</b>	Currently 0.09% per annum for the first HK\$800 million; 0.08% per annum for the next HK\$800 million and 0.07% per annum for the remaining balance of the fund's NAV, subject to a monthly minimum of HK\$37,000 and up to a maximum of 1% per annum.
<b>Administration fee</b>	None
<b>Performance fee</b>	None
<b>Other ongoing costs</b>	Please refer to Schedule 1 of the Prospectus for details of the ongoing costs payable by the 5HANDL ETF.

\* Please note that some fees may be increased up to a permitted maximum amount by providing 3 months' prior notice (or such shorter period approved by the SFC) to Unitholders. Please refer to the section on "Fees and Charges" in the Prospectus.

### Additional Information

You can find the following information of the 5HANDL ETF on the Fund Manager's website (<http://asset.pingan.com.hk/eng/3198>):

- The last published prospectus and its product key facts statement;
- Latest annual and semi-annual financial reports of the 5HANDL ETF in English;
- Any public announcements and notices made by the 5HANDL ETF, including information in relation to the 5HANDL ETF and the Underlying Index, notices of the suspension of calculation of NAV, changes in fees and charges, the suspension and resumption of trading of Units;
- Any notices relating to material changes to the 5HANDL ETF which may have an impact on its investors such as material alterations or additions to the offering documents or the constitutive documents of the 5HANDL ETF;
- Latest list of Participating Dealers and Market Makers;
- Full portfolio information of the 5HANDL ETF (updated on a daily basis);
- The last NAV and NAV per Unit of the 5HANDL ETF in US\$ and HK\$;
- Near real-time indicative NAV per Unit of the 5HANDL ETF updated every 15 seconds throughout each Dealing Day in US\$ and HK\$;
- The ongoing charges figure and the past performance information of the 5HANDL ETF; and
- The annual tracking difference and tracking error of the 5HANDL ETF.

Note: Investors should note that the aforesaid website has not been reviewed by the SFC.

### 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.