

## Important Risk Disclosure for TraHK

- The Tracker Fund of Hong Kong ("TraHK") is an exchange-traded fund designed to provide investment results that closely correspond to the performance of the Hang Seng Index ("Index") but its return may deviate from that of the Index.
- Investment involves risk, including risks of concentration of investments in shares in constituent companies of the Index, performance of the Index, economic, political and social developments, risks relating to investment in Hong Kong-listed stocks, and dual counter risks. Investors may lose part or all of their investments.
- Due to fees and expenses of TraHK, liquidity of the market and tracking strategy adopted by the Manager, TraHK's return may deviate from that of the Index.
- The trading price of TraHK may differ from the underlying net asset value ("NAV") per unit.
- TraHK may not be suitable for all investors. Investors should not invest based on this document only. Investors should read TraHK's prospectus including all risk factors, consider the product features, their own investment objectives, risk tolerance level and other factors, and seek independent financial and professional advice as appropriate prior to making any investment.
- The performance of TraHK, the NAV per unit and the performance by the manager and the trustee of their respective obligations are not guaranteed by the HKSAR Government. The HKSAR Government has given no guarantee or assurance that the investment objective of TraHK will be met.

Publication: Q4 2024



# Why Hang Seng Investment?<sup>1</sup>

As one of the largest Hong Kong-based asset management companies, Hang Seng Investment was established in 1993 with 30 years of asset management experience, covering various product types such as exchange traded funds (ETFs), retail funds, ITCIS and discretionary portfolios.



## Experience

**Over 30 years** of asset management experience



## Market Share

**Over 38%** of market share in the HK ETF market by AUM  
**Largest** ETF provider in HK by AUM



## Turnover

**Largest** HK ETF provider in 2023 in terms of average daily turnover



## Awards

**Over 30** awards received for our passively-managed funds over the past 5 years

# Hang Seng Index

## Why Hang Seng Index?

Publicly launched on 24 November 1969, the HSI has become the most widely quoted gauge of the Hong Kong stock market. The index includes the largest and most liquid stocks listed on the Main Board of the Stock Exchange of Hong Kong.



The existing 82 constituents<sup>2</sup> consist of the largest and most liquid stocks listed in HK

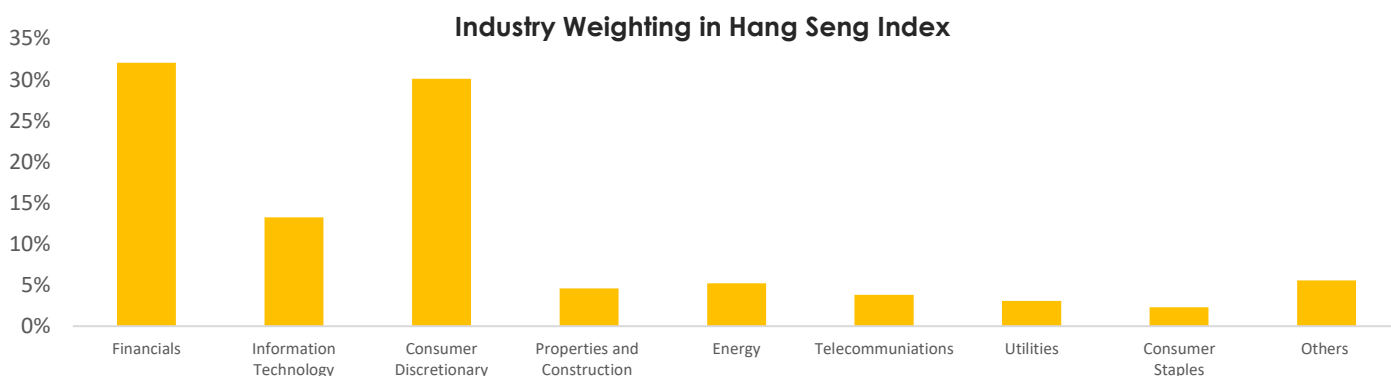


Constituents will be reviewed quarterly and freefloat-adjusted for investability representation



Highly representing the HK stock market (Market Value Coverage Ratio: 66.91%<sup>2</sup>; Market Turnover Coverage: 68.63%<sup>2</sup>)

## Hang Seng Index Covers a Full Range Of Industry Groups<sup>3</sup>



## Hang Seng Index Is Subject To Continuous Enhancement<sup>4</sup>

Measures of Continuous Enhancement <sup>*</sup>	Benefits
Fix the ultimate constituent number at 100	Better reflect the performance of the Hong Kong stock market with a more diversified industry distribution
Lower the weighting cap of constituent from 10% to 8%	Avoid abnormal volatility of weighted stocks
Select constituents by industry groups	Expand industrial representation
Shorten the listing history requirement to three months	Increase flexibility
Maintain a certain number of constituents classified as Hong Kong Companies	Ensure the representation of Hong Kong Companies
Changes to the Hang Seng Industry Classification System (HSICS) <sup>^</sup>	To enhance industry subsectors clarity and classification

1. Source: Hang Seng Investment, as of 30 Sep 2024.

2. Source: Hang Seng Indexes Company, as of 30 Sep 2024. The universe comprises securities listed on HKEX Main Board excluding Foreign Companies, Investment Companies and Special Purpose Acquisition Companies. Only Hong Kong portion is counted for secondary listed Greater China companies.

3. Source: Hang Seng Investment, Hang Seng Indexes Company, as of 30 Sep 2024.

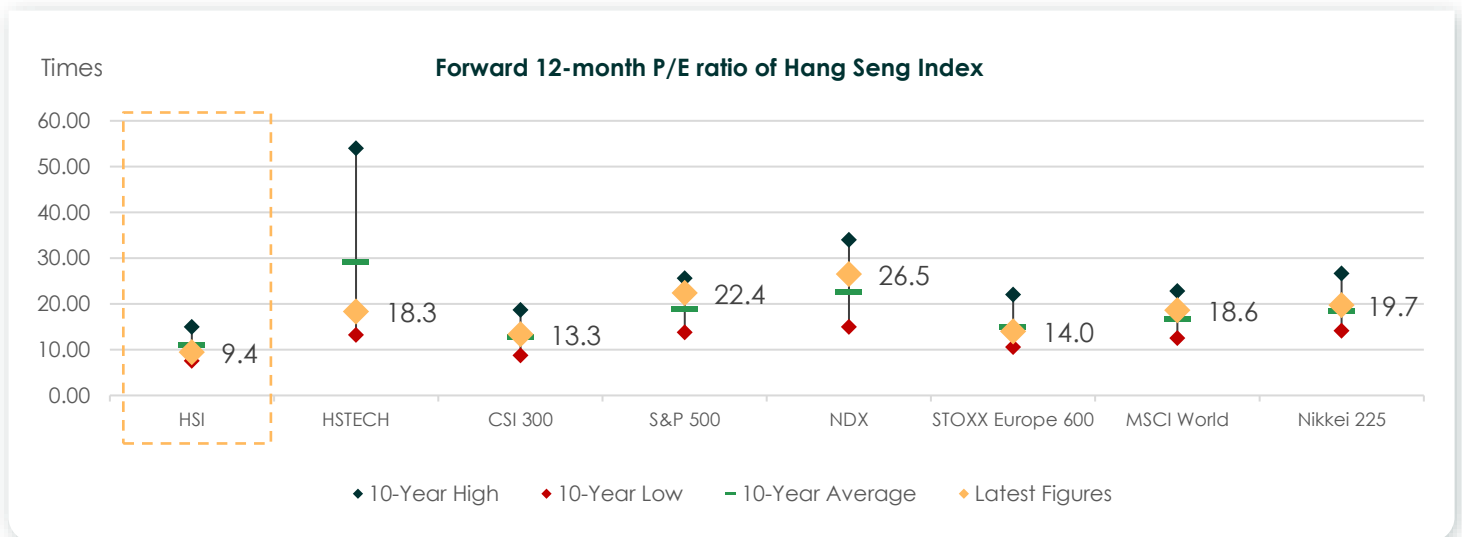
4. Source: Bloomberg, Hang Seng Investment, Hang Seng Indexes Company, as of 30 Sep 2024.\*The above changes effected during the index adjustment in June 2021. ^The above changes implemented on 22 Mar 2024, for more details, please refer to [Hang Seng Indexes Company](#).

## Why Hang Seng Index?

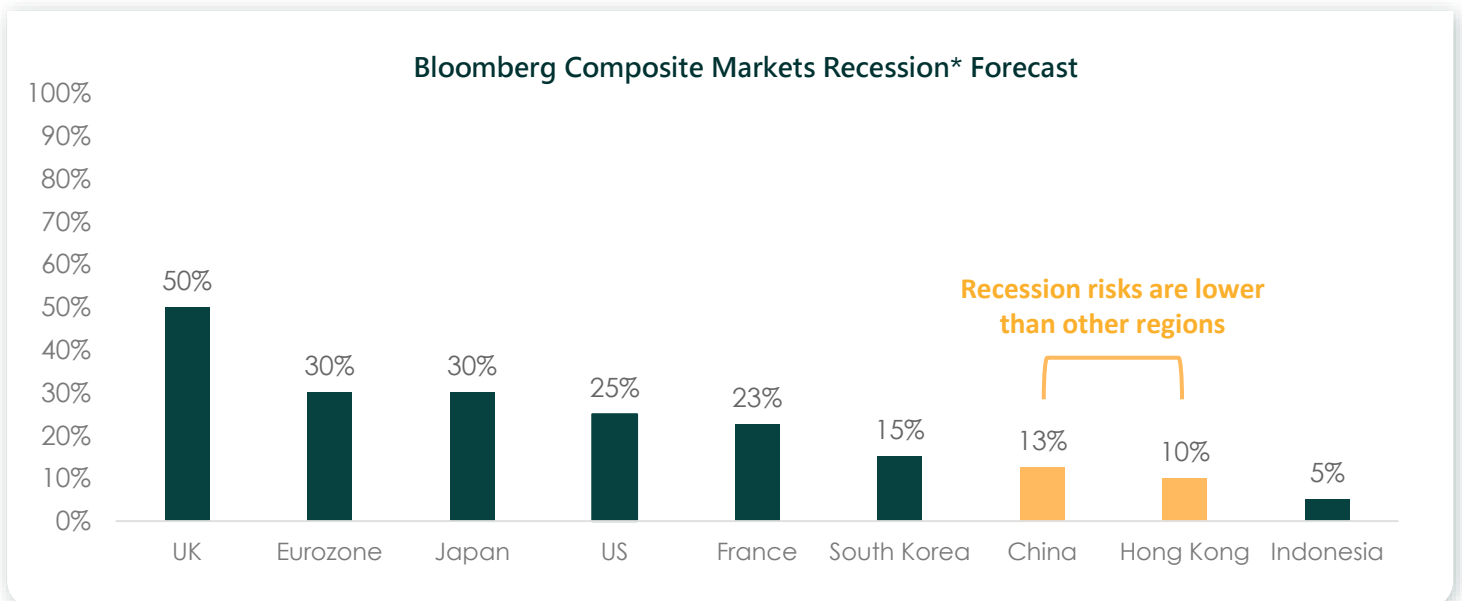
Price-to-Book (P/B) Ratio Lower than Average<sup>5</sup>



The Forward 12-month Price-to-Earnings (P/E) Ratio Of Hang Seng Index Is Expected To Be Lower Than Other Indexes<sup>5</sup>

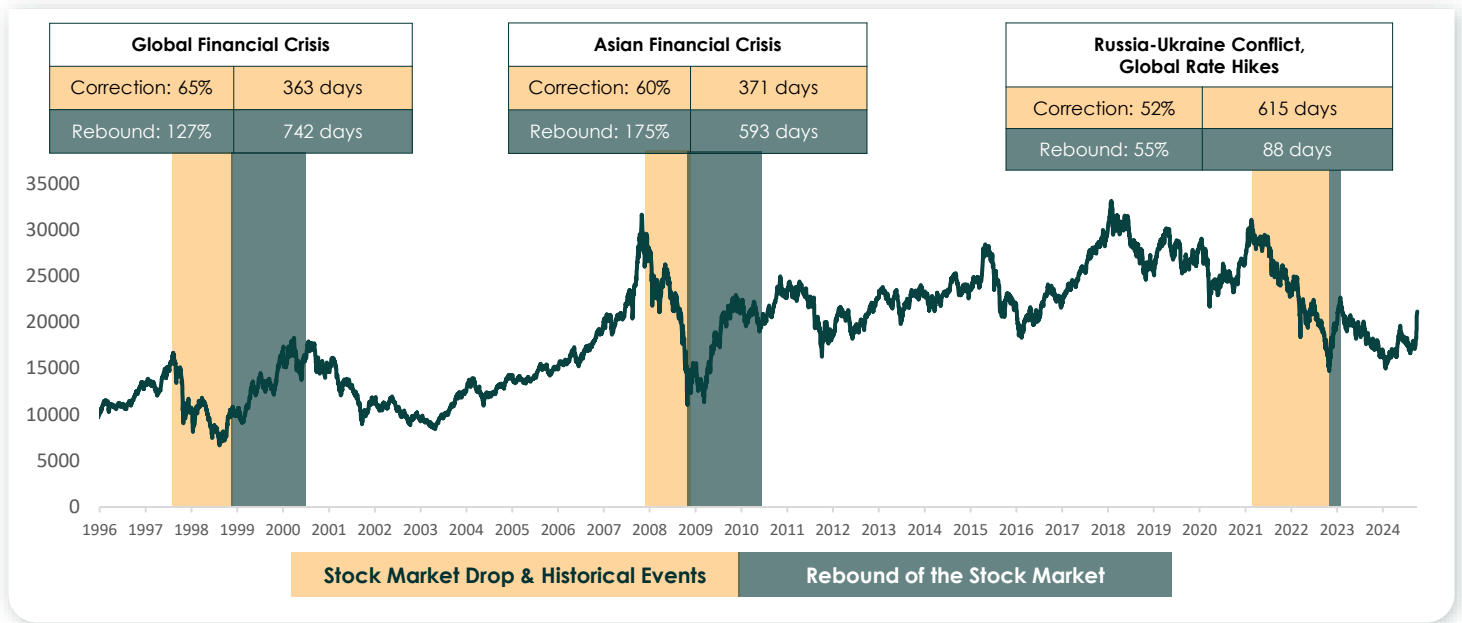


Recession risks in Mainland China and Hong Kong are lower than other regions<sup>5</sup>



5. Source: Bloomberg, Hang Seng Investment, as of 30 Sep 2024. \*A recession is defined by Bloomberg as two consecutive quarters of negative GDP growth. The probability of a recession is to predict the probability of a recession in the coming year, which is obtained through the forecast of Bloomberg comprehensive market economists.

## Hang Seng Index Historical Performance<sup>6</sup>

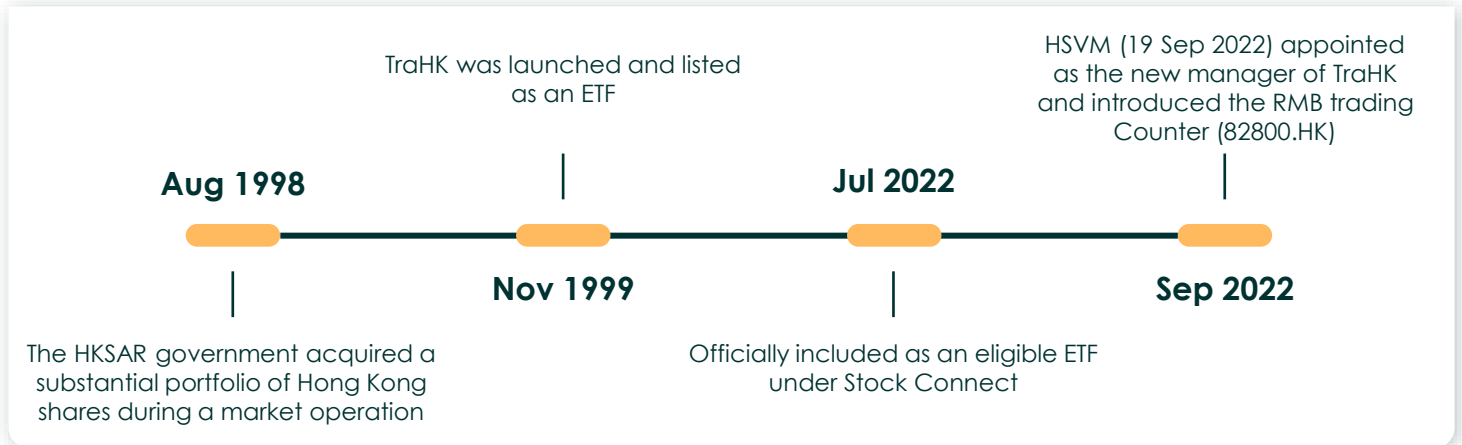


## Learn More About TraHK<sup>6</sup>

The Launch Of TraHK

Launched in 1999, the Tracker Fund of Hong Kong (TraHK) is the pioneer of the local exchange-traded fund (ETF) industry. Today, it remains as one of the largest AUM and most liquid ETFs in the Hong Kong market. Currently managed by Hang Seng Investment Management Limited (HSVM), TraHK provides a cost-efficient mean of gaining exposure to Hong Kong equities for a range of institutional and retail investors.

History Of The Fund



6. Source: Bloomberg, Hang Seng Investment, as of 30 Sep 2024.

Offering Documents



Monthly Factsheet



### Disclaimer

The content is prepared by Hang Seng Investment Management Limited ("HSVM"). The content shall not be changed or modified and the content shall not be used in any other manner unless with the prior written consent of HSVM. At the time of publication of the content, certain information of the content is obtained and prepared from sources which HSVM believes to be reliable, and HSVM does not warrant, guarantee or represent the accuracy, validity or completeness of such information. Under no circumstances shall the content constitute a representation that it is correct as of any time subsequent to the date of publication. HSVM reserves the right to change the content without notice. The content is for reference only and is the view of HSVM and does not constitute and should not be regarded as an offer or solicitation to anyone to invest into any investment product. You should read the relevant investment product's offering document (including the full text of the risk factors and charges stated therein). Investment involves risks (including the risk of loss of capital invested), prices of investment product units may go up as well as down, past performance is not indicative of future performance. A positive distribution rate (if any) does not imply a positive return. Fund award (if any) is for reference only and does not guarantee any fund performance or the performance of HSVM. If you have any doubt about the content or investment product (including its offering document), you should seek independent professional financial advice. HSVM will not be liable to anyone for any cost, claims, fees, penalties, loss or liability incurred if the content is improperly used. The content shall not be duplicated or stored or distributed or "Hang Seng Investment Management Limited", "恒生投资管理有限公司", "恒生投资管理", "恒生投资" or any marks containing these names shall not be used without the prior written consent of HSVM. HSVM and Hang Seng Indexes Company Limited and other index companies (collectively "Index Companies") are separate and independent entities, HSVM's views and opinions do not represent the views or opinions of the Index Companies and HSVM cannot influence Index Companies on any matter. Where the investment products referred to in the content have been authorized by the Securities and Futures Commission or the China Securities Regulatory Commission or other regulators (as the case may be), such authorization is not a recommendation or endorsement of the investment products and does not guarantee the commercial merits of the investment products or their performance. It does not mean the investment products are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. The content has not been reviewed by the Securities and Futures Commission.