

Press Release

ChinaAMC(HK) issues a Pair of the First Leveraged and Inverse Products for CSI 300 in Hong Kong in light of market demand

Product Risk Warning:

- ChinaAMC Direxion CSI 300 Index Daily (2x) Leveraged Product / ChinaAMC Direxion CSI 300 Index Daily (-1x) Inverse Product (collectively, "Products") are swaps-based leveraged / inverse products and are not suitable for all investors. **The Products only target sophisticated trading-oriented investors who understand the potential consequences of seeking daily leveraged / inverse results and the associated risks and constantly monitor the performance of their holdings on a daily basis.**
- The Products seek to obtain the required exposure through swaps with different swap counterparties. The Products aim to provide daily investment results, before fees and expenses, which closely correspond to the leveraged (2x) / inverse (-1x) daily performance of the CSI 300 Index (the "Index").
- The Products do not seek to achieve their stated investment objectives over a period of time greater than one day.
- The Products are not intended for holding longer than one day as the performance of the Products over a longer period may deviate from and be uncorrelated to the leveraged / inverse performance of the Index over the period (e.g. the loss may be more than 2 times the decrease in the Index / -1 time the increase in the Index). The Products are designed to be used for short term trading or hedging purposes, and are not intended for long term investment.
- Investing in the leveraged product is subject to the general market risk of equity investment, its value will be fluctuated because of multiple factors, and both gains and losses will be magnified. Investing in the inverse products is different from taking a short position. Because of daily rebalancing, the return profile of the inverse products is not the same as that of a short position. Risk investment outcomes of the inverse products are the opposite of conventional investment funds. If the value of the Index increases for extended periods, the inverse products will likely lose most or all of their values.
- The Products also involve synthetic replication and counterparty risk, settlement risk, default risk, market risk, price movements risk, intraday counterparty risk, risk of increase in swap fees and early termination of swaps, derivative instrument investment risk, leveraged / inverse performance risk, risk of rebalancing activities, liquidity risk, intraday investment risk, currency risk, concentration risk, PRC market risk, risk of investment in debt securities and other funds, PRC tax risk, passive investment risk, trading risk, reliance on market maker risk, tracking error and correlation risk, volatility risk and termination risk.
- Swap counterparties of the Products may have daily capacity limits, when the limits are reached, the Products' ability to adjust the size of swaps for sufficient exposure to achieve their investment objectives may be adversely affected.
- Investment involves risks. Past performance is not indicative of future results, future returns are not guaranteed. Investors may be subject to substantial losses, and a loss of original capital may occur. Investors should not make any investment decision solely based on the information on this presentation alone. Please read the relevant offering documents for details including the risk factors (for example, the Products may be terminated in advance under certain circumstances) before making any investment decisions. If necessary, you should seek independent professional advice.

Hong Kong – 24, July, 2020 - China Asset Management (Hong Kong) Limited ("ChinaAMC (HK)") is once again partnering with Rafferty Asset Management LLC ("Rafferty"), the second largest leveraged/inverse ETF issuer in the U.S., to launch the ChinaAMC Direxion CSI 300 Index Daily (2X) Leveraged Product and Daily (-1X) Inverse Product, both of which will be listed on 27 July.

As intensifying market volatility becomes the new normal, international investors are increasingly engaged in the A-shares market, the second largest stock market in the world. In view of this, ChinaAMC (HK) has recently launched the **ChinaAMC Direxion CSI 300 Index Daily (2X) Leveraged Product (Stock Code: 7272.HK) and Daily (-1X) Inverse Product (Stock Code: 7373.HK)** to support investors in getting better prepared for market volatility. Investors may take advantage of these products to multiply their daily potential returns in a market rally, or for single-day hedging when the market pulls back.

Both tracking the CSI 300 Index ("Index"), the products aim to provide daily returns, before fees and expenses, that closely correspond to two times leveraged (2X) and one time inverse (-1X) of the daily performance of the Index. The products' underlying assets are swap contracts. With a lot size of 100 shares and listing price set at HK\$8, the products' subscription cost starts at about HK\$800¹, and the annual management fee is 0.99%.



"Back in 2012, ChinaAMC (HK) issued the ETF that tracks the CSI 300 Index, which is now the world's largest offshore CSI 300 Index ETF²," said **Dr. Frank Xiaoling Zhang, Chief Executive Officer of ChinaAMC (HK)**. "As a market leader in CSI 300 ETFs with profound experience, ChinaAMC (HK) is adding to the breadth of the ChinaAMC CSI 300 product mix and cementing the brand leadership of ChinaAMC (HK) with the launch of the ChinaAMC CSI 300 leveraged and inverse products."

"Direxion is proud to extend our partnership with ChinaAMC (HK). Their leading position in CSI 300 indexing combined with our long history in leveraged and inverse ETFs makes for a terrific value proposition in China A-shares for investors." said **Robert Nestor, President of Direxion Investments**.

A-shares leveraged and inverse products issued in various markets as demand rises

The A-shares leveraged and inverse products that have rolled out in many regions, such as the U.S., South Korea and Taiwan, manifest the vast interest of international investors in this type of products, and Hong Kong is no exception. According to the Stock Exchange of Hong Kong, by the end of May, the overall turnover of leveraged and inverse products of the Stock Exchange of Hong Kong has hit HK\$5.1 billion, the highest turnover on record³.

"Leveraged and inverse ETFs are gaining traction among investors because of their lower entrance barrier and exemption from stamp duty," said **Frederick Chu, Head of ETFs in ChinaAMC (HK)**. "Global stock market becomes more volatile in the second half of the year, both retail and institutional investors could utilize the ChinaAMC CSI 300 leveraged and inverse products to deploy flexible A-shares trading strategies."

Experienced in ETFs, ChinaAMC boasts a full-range product mix

The products are managed by ChinaAMC (HK) and advised by Rafferty. Rafferty, whose subsidiary Direxion launched the first pair of CSI 300 leveraged/inverse ETFs for the U.S. market in the United States in 2015, has the expertise and experience in managing A-shares index leveraged and inverse products comprising swap contracts. Meanwhile, ChinaAMC (HK) is an experienced issuer and manager of ETFs as well as leveraged and inverse products. ChinaAMC

(HK) launched A-shares ETF in Hong Kong in 2012, which tracks the CSI 300 Index, the current market value of which has since increased to HK\$12 billion².

In 2016, ChinaAMC (HK) also issued Asia's first two leveraged and inverse products that track the Nasdaq-100 Index. The issuance a third Nasdaq-100 inverse product that provides a two times inverse daily return (-2x) in last September has been met with enthusiastic market response, with its asset under management growing by 3.8² times in less than a year upon issuance. Together with the daily (2x) leveraged product, they were among the five most actively traded leveraged and inverse products at the Stock Exchange of Hong Kong in May³.

Fund Details

ChinaAMC Direxion CSI 300 Index Daily Leveraged & Inverse Products		
Stock code	Daily (2X) Leveraged Product 7272	Daily (-1X) Inverse Product 7373
Investment Goal	Provides daily investment results, before fees and expenses, which closely correspond to twice (2X) the daily performance of the CSI 300 Index.	Provides daily investment results, before fees and expenses, which closely correspond to the inverse (-1X) of the daily performance of the CSI 300 Index.
Management Fee	0.99% p.a.	
Underlying Index	CSI 300 Index	
Underlying Asset	Swap Contract	
Exchange Listing	The Stock Exchange of Hong Kong – Main Board	
Distribution Policy	No regular distributions or dividends will be paid	
Manager	China Asset Management (Hong Kong) Limited	
Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited	
Application Unit Size (only by or through Participating Dealers)	Minimum 100,000 Units (or multiples thereof)	
Product website	https://www.chinaamc.com.hk/ETF/CSI300/en	

¹ Based on the listing price, may increase or decrease depending on the market price.

² Source: Bloomberg, data as of June 30 2020.

³ Source: HKEX, data as of May 2020.

⁴The website has not been reviewed by the Securities and Futures Commission.

About China Asset Management (Hong Kong) Limited

ChinaAMC (HK) is a wholly-owned subsidiary of China Asset Management Co., Ltd and was incorporated in Hong Kong in September 2008. As an advocate of globalized financial markets, ChinaAMC (HK) is a diversified and integrated asset management company. ChinaAMC (HK) has a broad range of product lines, including long-only funds, hedge funds, exchange traded funds (ETF), leveraged/inverse products, bond funds, segregated accounts and funds of funds (FOF). For more information, visit www.chinaamc.com.hk⁴.

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Investing involves risk, including possible loss of principal. The Product is an investment fund and not a bank deposit. Please read the prospectus carefully and consider the Product's investment objectives, risk factors, and charges and expenses before investing.

This document is prepared by China Asset Management (Hong Kong) Limited. It has not been reviewed by the Securities and Futures Commission. Please refer to the offering documents for CSI 300 Index disclaimer.