

HAITONG MSCI CHINA A ESG ETF – Details of Investment Strategy

<p>Expected exposure to the securities or other investments that reflect the stated Green or ESG investment focus</p>	<p>Provide investment results, before the deduction of fees and expenses that closely correspond to the performance of the MSCI China A ESG Universal Index (“Underlying Index”).</p>
<p>Relevant Green or ESG criteria or principles considered</p>	<p>The Underlying Index is designed to reflect the performance of an investment strategy that, by tilting away from free-float market cap weights, seeks to gain exposure to those companies demonstrating both a robust environmental, social and governance profile as well as a positive trend in improving that profile, using minimal exclusions from its parent index, the MSCI China A Index (“Parent Index”). As at 16 September 2020, the Underlying Index comprises 429 constituent securities, with a total free-float index market capitalization of approximately RMB 10,361 billion.</p>
<p>Investment selection process and criteria adopted by the Green or ESG Fund /</p> <p>ESG analysis and evaluation methodology /</p> <p>Reference ESG benchmark being tracked and the characteristics and general composition of the benchmark</p>	<p>The construction of the Underlying Index starts with the Parent Index. ESG methodology and tilting are then applied to reach the Underlying Index. The Parent Index captures large and mid-cap Chinese securities listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange that are accessible through Stock Connect. Each company in the eligible universe is assigned a Combined ESG score, which is calculated by taking into account a company’s MSCI ESG Rating and its MSCI ESG Rating Trend. All the securities from the eligible universe are weighted by the product of their market capitalization weight in the Parent Index and the Combined ESG Score. Additionally, constituent weights are capped 5% at the issuer level to mitigate concentration risk.</p>