

Harvest CSI 300 ESG Leaders Index ETF – Associated Risks

Description of risks associated with Green or ESG fund's investment theme	<ol style="list-style-type: none">1) The use of ESG criteria in the construction of the Index may affect the Sub-Fund's investment performance and, as such, the Sub-Fund may perform differently compared to similar funds that do not use such criteria. ESG-based exclusionary criteria used in selection methodology of the Index may result in the Index excluding certain securities when it might otherwise be advantageous for the Sub-Fund to invest in those securities.2) The construction of the Index (including constituent selection and Index calculation) is based on, among others, the results from various ESG assessment and ratings as well as the application of certain ESG based exclusion factors. It is possible that the Index (and hence the Sub-Fund's portfolio) may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG rating assessment and ESG based exclusions.3) The Sub-Fund's investments may be concentrated in companies with a greater ESG focus, therefore its value may be more volatile than that of a fund with having a more diverse portfolio of investments.4) The constituent selection and Index calculation process involves analysis and exclusions based on ESG criteria. Such assessment by the relevant ESG Scoring Team may involve qualitative factors and it is thus possible that the relevant investment criteria may not be applied correctly.5) In evaluating a security or issuer based on ESG criteria, the ESG Scoring Team is dependent upon information and data from data providers which may be incomplete, inaccurate or unavailable from time to time, which may affect the ESG Scoring Team's ability to assess potential constituents for inclusion and/or exclusion from the Index. There can be no assurance that the ESG Scoring Team's assessment based upon data from data providers will reflect actual circumstances or that the stocks selected will fulfill ESG criteria. All of these can lead to the Sub-Fund forgoing investment opportunities which meet the relevant ESG criteria or investing in securities which do not meet such criteria.6) In addition, there is a lack of standardised taxonomy in relation to ESG investing strategies. The standard of disclosure adopted by funds in relation to the relevant ESG factors or principles may vary.
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