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FORM ADV PART 2A BROCHURE

This Brochure provides information about the qualifications and business practices of CSOP Asset Management Limited (hereinafter referred to as "CSOP"). If you have any questions about the contents of this Brochure, please contact us at (852) 3406-5688. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any State securities authority.

CSOP is a registered investment adviser. Registration of an investment adviser with the SEC or a particular State does not imply a certain level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about CSOP also is available on the SEC's website at www.adviserinfo.sec.gov.

CSOP has been an investment adviser registered with the SEC since February 2014. CSOP does NOT approve or endorse any professional designation. An investment adviser or investment adviser representative may only transact business in a particular State after licensure or satisfying qualifications or requirements of that State.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 31, 2022, we have updated the following sections of this Part 2:

- *Item 10 – Other Financial Industry Activities and Affiliations* has been updated to more accurately reflect the related person of CSOP;
- *Item 14 – Client Referrals and Other Compensation* has been updated to make reference to the amended Advisers Act Rule 206(4)-1; and
- *Item 15 – Custody* has been updated to reflect the information that CSOP does not have custody of client funds and securities.

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Item 4 Advisory Business

Business Description/Ownership

CSOP was founded in 2008 as a subsidiary of China Southern Asset Management Co. Limited and was the first Hong Kong subsidiary set up by Mainland Chinese fund houses to carry out asset management and securities advisory activities in Hong Kong. Founded in 2008, CSOP was the first Chinese asset manager granted the privilege of operating outside of the Mainland China. CSOP is currently the largest RMB Qualified Foreign Institutional Investor (RQFII) quota manager. The RQFII scheme allows the use of RMB funds raised in Hong Kong by offshore fund management companies and securities companies to invest in the Mainland China's bond and equity markets. After the RQFII program was launched in 2011, CSOP was granted the largest quota and serving as a key facilitator of international investment into Mainland China. CSOP has maintained this first-mover advantage and remains is one of the world's largest offshore Chinese asset managers by assets under management ("AUM").

CSOP's principal owner and parent company, China Southern Asset Management Co Ltd ("CSAM"), is one of the largest asset managers in Mainland China. Likewise, CSOP's grandparent company, Huatai Securities Co Ltd, is one of the largest securities firms in Mainland China. Kingston Smart Limited is also a principal owner of CSOP.

Ms. Ding is the Chief Executive Officer of CSOP Asset Management Limited, where she took up the position in 2010. Ms. Ding was also Assistant Chief Executive Officer & Managing Director of CSAM from 2003 to 2013. During her tenor at CSAM, she successfully established its Qualified Domestic Institutional Investor ("QDII") business to issue China's first public QDII.

While serving as Permanent Honorary Chairperson of the Chinese Asset Management Association of Hong Kong, promoting communication and advocating for best practices among Chinese asset managers, she is Board Member and Convenor of the Mainland Opportunities Committee of Financial Services Development Council. She is also the Co-chairperson of the International Business Committee of the Asset Management Association of China.

In 2019, CSOP reorganized its ETF Trust and partnered with Pacer ETFs to provide subadvisory services for an ETF that was formerly under the CSOP Trust. Pacer Advisors, Inc ("Pacer Advisors") now serves as Investment Adviser to PACER CSOP FTSE CHINA A50 ETF ("Fund"). The CSOP ETF Trust and the other ETF under the Trust were liquidated. CSOP retains the responsibility of day-to-day management of the Fund's portfolio, as the Fund's investment Sub-adviser. The investment objective, policies, strategy, risks, as well as listing exchange and ticker symbol remain unchanged.

Types of Advisory Services Offered

CSOP provides services to a U.S.-based exchange-traded fund ("ETF"), as well as investment advisory and related support services to non-U.S. clients, including high net worth individuals, pooled investment vehicles and other investment advisers. As further described below, CSOP primarily invests in Chinese securities and related investments.

In addition to its registration with the SEC, CSOP is licensed and regulated by the Securities and Futures Commission in Hong Kong to carry on regulated activities of the following types:

- **Type 1 (dealing in securities)**
- **Type 4 (advising on securities)**
- **Type 9 (asset management)**

Tailoring Advisory Services to Individual Needs of Client

The goals and objectives for each client are documented in investment management agreements/ advisory agreements. Clients may impose restrictions on investing in certain securities or types of securities.

Wrap Programs

CSOP does not currently participate in any wrap programs.

CSOP's Regulatory Assets Under Management —

As of December 31, 2022, CSOP had \$11,079,141,726 (USD) in regulatory assets under management.

	<u>U.S. Dollar Amount</u>
Discretionary	\$ 10,452,659,566
Non-Discretionary	\$ 626,482,160
Total	\$ 11,079,141,726
Calculated as of:	December 31, 2022

Item 5 Fees and Compensation

Fees Charged by CSOP

CSOP generally charges fees based on a percentage of assets under management. The amount of CSOP's fees is negotiable and generally depends upon a number of factors, including the nature of the services to be provided, the size of any portfolio which is to be managed and the investment parameters agreed with the client.

CSOP agrees with particular clients to a performance-based fee structure. Performance based fee structures are available to eligible clients, are negotiable and will be in compliance with applicable laws and regulations.

How Fees are Charged

Fees are charged to and collected from each client in accordance with the terms of CSOP's investment management or advisory agreement with the client. Fees generally are payable by clients either monthly or quarterly in arrears. The client's agreement with CSOP may provide that CSOP is to invoice the client for payment of CSOP's fees. Alternatively, such agreement may authorize CSOP to deduct its fees from the client's account by instructing the client's custodian to debit the client's account and remit payment to CSOP.

Brokerage and Other Transaction Costs

In addition to CSOP's fees, clients of CSOP may pay costs and charges to other parties in connection with their accounts or certain securities transactions. These may include: commissions, commission equivalents and other charges for executing transactions through broker-dealers; custodian fees; wire and electronic fund fees; taxes; dealer mark-ups, markdowns and spreads; auction fees; certain odd-lot differentials; SEC fees; exchange fees; transfer taxes; stamp taxes; regulatory transaction fees; and any other charges mandated by law or regulation or third-party service providers. Please see Item 12 of this Brochure for information concerning CSOP's brokerage practices.

Payments in Advance

CSOP clients pay their fees in arrears and not in advance.

Other Investment Products

In addition to the investment management strategies described in this document, CSOP and its affiliates may offer to the public investment products such as unit investment trusts or other pooled investment vehicles with investment styles and holdings that are identical and/or similar to those of the investment management strategies described in this document. These other investment products may be offered at differing fees and charges that may be higher or lower than the fees imposed by CSOP for the CSOP investment management services described in this document.

Exchange Traded Funds (ETFs)

CSOP receives fees for investment management services provided as sub-adviser to the Fund, which is registered under the Investment Company Act of 1940 (the "1940 Act"). These fees are described in the Fund's registration statements and shareholder reports including the Fund's prospectus, which are available online at <https://www.paceretfs.com/products/afty/>. Prospective investors should refer to these documents for a full explanation of fees and expenses.

Termination

Generally, investment advisory or management contracts are terminable at will by either party upon written notice. Upon termination, generally fees will be prorated over the remaining term of the billing period.

Supervised Person Compensation

Clients are charged in accordance with the relevant advisory or management contracts with CSOP as provided in this section. CSOP staff do not receive compensation for the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-By-Side Management

Performance-based fees are negotiated with certain clients and are subject to individualized negotiation with each such client. Performance-based fee arrangements may create an incentive for CSOP to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement.

These fee arrangements also create an incentive for CSOP to favor higher-fee-paying accounts over other accounts in the allocation of investment opportunities that may have lower fees or different fee-paying arrangements. CSOP has procedures designed and implemented to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 Types of Clients

Types of Clients

CSOP's U.S. based clients currently include a registered investment company, particularly an ETF. CSOP may provide investment management or investment advisory services to a range of institutional clients over time.

CSOP's non-U.S. clients include high net worth individuals, investment companies, pooled investment vehicles, and other investment advisers.

Conditions for Opening or Maintaining an Account

Depending on the nature of the services to be provided, CSOP may require a minimum dollar value of assets as a condition for opening or maintaining an account. Any pre-established minimum account size may be subject to variation depending upon the nature of the investments in an account and the client's financial circumstances, investment objectives and requirements.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis & Investment Strategy

China Index Strategies

CSOP focuses on China index strategies. China A-Shares are stocks that trade on the Shanghai and Shenzhen exchanges. These companies are incorporated in mainland China and their shares are denominated in the local currency or renminbi. H-Shares are stocks of Chinese companies that trade on the Hong Kong Stock Exchange and are priced in Hong Kong dollars.

The FTSE China A50 Net Total Return Index is comprised of the largest 50 A Share companies by full market capitalization of the securities listed on the Shanghai and Shenzhen stock exchanges.

CSOP's methods of analysis generally seek long-term capital appreciation by tracking the performance of the various indexes, such as the FTSE China A50 Net Total Return Index (the "Index"). The Index is generally comprised of A-Shares issued by the China A-Shares market. Certain of the constituent companies have issued both A-Shares, which are traded in China, and H-Shares, which are traded in Hong Kong.

A-Shares are a different classification of equity securities issued by companies incorporated in the People's Republic of China ("PRC"). A-Shares are denominated and traded in RMB, the official currency of the PRC, on the Shenzhen and Shanghai Stock Exchanges. Under current Chinese regulations and subject to certain exceptions, foreign investors such as an ETF advised by CSOP are permitted to invest in A-Shares only (i) through designated foreign institutional investors that meet certain requirements of and have been granted status by the China Securities Regulatory Commission ("CSRC"), or (ii) through the Shanghai-Hong Kong Stock Connect program and other similar programs.

Under the first approach for A-Shares, non-Chinese investors, such as a client advised by CSOP, are permitted to invest through institutional investors designated as Qualified Foreign Institutional Investor ("QFII"). Under current regulations, each QFII is permitted to invest up to a specific aggregate dollar amount in A-Shares by China's State Administration of Foreign Exchange ("SAFE"). A QFII may not invest in A-Shares above its quota amount, although to the extent that a QFII has utilized its allocated investment quota, it may apply for an increase to its quota. There, however, is no guarantee that such application will be granted.

Under the second approach, since November of 2014, non-Chinese investors have been permitted to invest in eligible China A-Shares listed on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect program. The Shanghai-Hong Kong Stock Connect program, which was launched in 2014, established a securities trading and clearing program that enables mutual stock market access between mainland China and Hong Kong. Through the Shanghai-Hong Kong Stock Connect program, foreign investors, such as a client managed by CSOP, can trade eligible China A-Shares subject to trading limits and rules and regulations as may be issued from time to time. More recently, in December of 2016, non-Chinese investors also are permitted to invest in eligible China A-Shares listed on the Shenzhen Stock Exchange through the Shenzhen-Hong Kong Stock Connect program. While a client managed by CSOP, for instance, may access China A-Shares through the Shenzhen-Hong Kong Stock Connect program in the future, CSOP has no immediate plans to do so.

CSOP is a licensed QFII. CSOP, on behalf of certain of its clients, may invest in A-Shares and other securities of Chinese companies listed for trading on the Shanghai and Shenzhen Stock Exchanges up to its designated quota amount. CSOP, on behalf of certain of its clients, also will invest in eligible China A-Shares via the Shanghai-Hong Kong Stock Connect program. For CSOP's ETF clients, such clients

will typically invest at least 80% of its total assets in the securities included in the Index. Such clients may invest the remainder of its assets in investments that are not included in the Index, but which CSOP believes will help track the Index.

These investments include: (i) interests in pooled investment vehicles tracking the Index or similar indexes, including affiliated and non-U.S. funds (certain of these funds may not be registered under the 1940 Act, and therefore are not subject to the same investor protections as an EFTF advised by CSOP); (ii) other securities not included in the Index (including H-Shares, which are shares of a company incorporated in mainland China that are denominated in Hong Kong dollars and listed on the Hong Kong Stock Exchange or other foreign exchange); and (iii) certain derivatives, such as futures contracts and options contracts on equity securities designed to provide similar exposure to the Index.

Subject to the requirement to generally invest at least 80% of its total assets in the securities of the Index, the ETF advised by CSOP also may invest in money market instruments, cash and cash equivalents. In seeking to track the performance of the Index, such ETF may use a representative sampling indexing strategy. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. The ETF may or may not hold all of the securities in the Index.

Unlike many investment companies, the ETF advised by CSOP generally does not try to "beat" the Index and does not seek temporary defensive positions when markets decline or appear overvalued. CSOP generally tries to have its ETF client be considered "diversified" and therefore meet certain diversification requirements under the 1940 Act. To the extent the ETF's Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the ETF will concentrate its investments to approximately the same extent as the Index.

Investing in securities involves risk of loss that all clients should be prepared to bear.

Risk of Loss

Primary risk controls and risk monitoring processes as they pertain to investment and portfolio risk are embedded within CSOP's portfolio construction processes. All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind.

Investors in the Fund may be exposed to the following investment risks described below. Certain products managed by CSOP will be subject to additional risks that will be described in the prospectus or offering circular of that product.

- *Risk of Investing in China* — Investing in securities of companies organized and listed in China subjects the Fund to risks specific to China. China is a developing market, and as a result, investments in securities of companies organized and listed in China may be subject to liquidity constraints and significantly higher volatility, from time to time, than investments in securities of more developed markets. China may be subject to considerable government intervention and varying degrees of economic, political and social instability. Internal social unrest or confrontations with other neighboring countries, including military conflicts in response to such events, could have a significant impact on the economy of China (and the world). Reduction in spending on Chinese products and services, institution of tariffs or other trade barriers, or a downturn in any of the economies of China's key trading partners may have an adverse impact on the Chinese economy. There is no guarantee that the Chinese government will not revert from its current open-market economy to the economic policy of central planning that it implemented prior to 1978. These factors may result in, among other things, a greater risk of

stock market, interest rate, and currency fluctuations, as well as inflation. Accounting, auditing and financial reporting standards in China are different from U.S. standards and, therefore, disclosure of certain material information may not be made. In addition, less information may be available to the Fund and other investors than would be the case if the Fund's investments were limited to securities of U.S. issuers. It may also be difficult or impossible for the Fund to obtain or enforce a judgment in a Chinese court.

- *Risk of Investments in A-Shares* —The Index is comprised of A-Shares listed on the Shanghai and Shenzhen Stock Exchanges. In seeking to track the performance of the Index, the Fund intends to invest in A-Shares through the Shanghai-Hong Kong Stock Connect program. If the Fund is unable to obtain sufficient exposure to the performance of the Index due to trading or other restrictions on the Shanghai-Hong Kong Stock Connect program, the Fund could be forced to limit or suspend the issuance of new shares until the Sub-Adviser determines that the requisite exposure to the Index is obtainable. Any limits on the Fund's ability to issue new shares could cause the Fund's shares to trade at a premium or discount to the net asset value ("NAV") of the Fund and the Fund could experience substantial redemptions.

The Chinese government may intervene in the A-Shares market and halt or suspend trading of A-Share securities for short or even extended periods of time. Recently, the A-Shares market has experienced considerable volatility and been subject to frequent and extensive trading halts and suspensions. These trading halts and suspensions have, among other things, contributed to uncertainty in the markets and reduced the liquidity of the securities subject to such trading halts and suspensions, including a number of securities held by the Fund.

- *Risk of Investment and Repatriation Restrictions* — Investments by the Fund in A-Shares through Chinese financial instruments regulated by the CSRC, including warrants and open- and closed-end investment companies, are subject to governmental pre-approval limitations on the quantity that the Fund may purchase, or limits on the classes of securities in which the Fund may invest. In addition, A-Shares traded through the Shanghai-Hong Kong Stock Connect program are subject to daily trading limits and other restrictions. Any additional restrictions imposed on the Sub-Adviser may have an adverse effect on the Fund's ability to invest directly in A-Shares and its ability to meet redemption requests, and may also have an adverse impact on the ability of the Fund to track the Index and the performance of the Fund.

The Chinese government limits foreign investment in the securities of certain Chinese issuers entirely, if foreign investment is banned in respect of the industry in which the relevant Chinese issuers are conducting their business. These restrictions or limitations may have adverse effects on the liquidity and performance of the Fund's holdings as compared to the performance of its Index. This may increase the risk of tracking error, and may adversely affect the Fund's ability to achieve its investment objective.

- *A-Shares Tax Risk* — The Fund's investments in A-Shares will be subject to a number of taxes and tax regulations in China. The application of many of these tax regulations is at present uncertain. Moreover, the PRC has implemented a number of tax reforms in recent years, including the value added tax reform, and may continue to amend or revise existing PRC tax laws in the future. Changes in applicable PRC tax law, particularly taxation on a retrospective basis, could reduce the after-tax profits of the Fund directly or indirectly by reducing the after-tax profits of the companies in the PRC in which the Fund invests. Uncertainties in the Chinese tax rules governing taxation of income and gains from investments in A-Shares could result in unexpected tax liabilities for the Fund. The Fund's investments in securities issued by PRC companies, including A-Shares, may cause the Fund to become subject to withholding income tax and other taxes imposed by the PRC. The PRC taxation rules are evolving, may change,

and new rules may be applied retroactively. Any such changes could have an adverse impact on Fund performance.

- *Risk of Investing Through Shanghai-Hong Kong Stock Connect* —The Fund may invest in China A-Shares listed and traded on the Shanghai Stock Exchange through the Shanghai-Hong Kong Stock Connect program. Trading through the Shanghai-Hong Kong Stock Connect program is subject to a number of restrictions that may impact the Fund's investments and returns. Among other restrictions, investors in securities obtained via the Shanghai-Hong Kong Stock Connect program are generally subject to Chinese securities regulations and Shanghai Stock Exchange rules. Securities obtained via the Shanghai-Hong Kong Stock Connect program generally may only be sold, purchased or otherwise transferred through the Shanghai-Hong Kong Stock Connect program in accordance with applicable rules. Although the Fund is not subject to individual investment quotas, daily investment quotas designed to limit the maximum daily net purchases on any particular day apply to all participants in the Shanghai-Hong Kong Stock Connect program. These daily investment quotas may restrict or preclude the ability of the Fund to invest in securities obtained via the program. Additionally, investments made through the Shanghai-Hong Kong Stock Connect program are subject to trading, clearance and settlement procedures that are relatively untested in China, which could pose risks to the Fund.
- *Authorized Participants ("APs"), Market Makers, and Liquidity Providers Concentration Risk* — The Fund has a limited number of financial institutions that may act as APs. In addition, there may be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, shares of the Fund may trade at a material discount to NAV and possibly face delisting: (i) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services, or (ii) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.
- *China Concentration Risk* — To the extent that the Fund's investments are concentrated in the securities of China, or a particular issuer or issuers, market, industry, group of industries, sector or asset class, the Fund may be more adversely affected by the underperformance of those securities, subject to increased price volatility, and more susceptible to adverse economic, market, political and regulatory occurrences than if the Fund's assets were more diversified.
- *Costs of Buying or Selling Fund Shares* — Due to the costs of buying or selling shares of the Fund, including brokerage commissions imposed by brokers and bid/ask spreads, frequent trading of shares of the Fund may significantly reduce investment results and an investment in shares of the Fund may not be advisable for investors who anticipate regularly making small investments.
- *Custody Risk* — Less developed markets such as China are more likely to experience problems with the clearance and settlement of trades and the holding of securities by local banks, agents and depositories. Local agents are held only to the standards of care of their local markets, and in general, the less developed a country's securities markets are, the greater the likelihood of custody and settlement problems, as detailed in the Fund's summary prospectus (available at: <https://www.paceretfs.com/resources/product/afty/>).
- *Derivatives Risk* — CSOP may invest client funds in derivatives. Examples of derivatives include forward currency contracts, futures contracts and options contracts. Derivatives are subject to a number of risks, including market, correlation, leverage and interest rate risks. Derivatives may experience dramatic price changes and imperfect correlations between the price of the derivative contract and the underlying assets, rates, indices or other indicators, which may increase the client's volatility and have a negative impact on returns.

- *Emerging Markets Risk* — While China's economy has expanded in recent years, China is still considered an emerging market economy. As such, investments are subject to greater risk of loss than investments in more developed markets. This is due to, among other things, increased risk of government intervention, greater market volatility, lower trading volume, political and economic instability, greater risk of market shutdown and more governmental limitations on foreign investments than is typically found in more developed markets.
- *Equity Market Risk* — The equity securities held in the Fund's portfolio may experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect securities markets generally or factors affecting specific industries, sectors or companies in which the Fund invests. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. The Fund's NAV and market price may fluctuate significantly in response to these and other factors. As a result, an investor could lose money over short or long periods of time.
- *Financial Sector Risk* — The Fund may invest in companies in the financial sector, and therefore the performance of the Fund could be negatively impacted by events affecting this sector. Companies in the financial sector of an economy are often subject to extensive governmental regulation and intervention, which may adversely affect the scope of their activities, the prices they can charge and the amount of capital they must maintain. Governmental regulation may change frequently and may have significant adverse consequences for companies in the financial sector, including effects not intended by such regulation. The impact of recent or future regulation in various countries on any individual financial company or on the sector as a whole cannot be predicted.

Certain risks may impact the value of investments in the financial sector more severely than those of investments outside this sector, including the risks associated with companies that operate with substantial financial leverage. Companies in the financial sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations, credit rating downgrades and adverse conditions in other related markets.

Insurance companies, in particular, may be subject to severe price competition and/or rate regulation, which may have an adverse impact on their profitability. Insurance companies are subject to extensive government regulation in some countries and can be significantly affected by changes in interest rates, general economic conditions, price and marketing competition, the imposition of premium rate caps, or other changes in government regulation or tax law. Different segments of the insurance industry can be significantly affected by mortality and morbidity rates, environmental clean-up costs and catastrophic events such as earthquakes, hurricanes and terrorist acts.

During the financial crisis that began in 2007, the deterioration of the credit markets impacted a broad range of mortgage, asset-backed, auction rate, sovereign debt and other markets, including U.S. and non-U.S. credit and interbank money markets, thereby affecting a wide range of financial institutions and markets. A number of large financial institutions failed during that time, merged with stronger institutions or had significant government infusions of capital. Instability in the financial markets caused certain financial companies to incur large losses. Some financial companies experienced declines in the valuations of their assets, took actions to raise capital (such as the issuance of debt or equity securities), or even ceased operations. Some financial companies borrowed significant amounts of capital from government sources and may face future government-imposed restrictions on their businesses or increased

government intervention. Those actions caused the securities of many financial companies to decline in value.

The financial sector is also a target for cyber attacks and may experience technology malfunctions and disruptions. In recent years, cyber attacks and technology failures have become increasingly frequent and have caused significant losses. The financial sector is also a target for cyber attacks and may experience technology malfunctions and disruptions. In recent years, cyber attacks and technology failures have become increasingly frequent and have caused significant losses.

- *Index Tracking Error Risk* — As with other index funds, the performance of the Fund may vary from the performance of the Index as a result of Fund fees and expenses, the use of representative sampling, brokerage and transaction costs, the effect of Chinese taxes, and other factors. In addition, the Fund may not be able to invest in certain securities included in the Index or invest in them in the exact proportions represented in the Index due to market disruptions, legal restrictions or limitations imposed by the Chinese government, certain NYSE Arca listing standards, or a lack of liquidity on stock exchanges in which such securities trade. The Fund may not be fully invested at times either as a result of cash flows into the Fund or reserves of cash held by the Fund to meet redemptions or pay expenses. In addition, foreign exchange fluctuations and any issues the Fund encounters with regard to currency convertibility (including the cost of borrowing funds, if any) and repatriation may also increase the index tracking error risk.
- *International Closed Market Trading Risk* — For ETFs, because a fund's underlying securities trade on an exchange that is closed when the securities exchange on which the fund shares list and trade is open, there are likely to be deviations between the current pricing of an underlying security and stale security pricing (i.e., the last quote from its closed foreign market), resulting in premiums or discounts to NAV that may be greater than those experienced by other ETFs.
- *Large-Capitalization Securities Risk* — The Fund may invest in the securities of large-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of large-capitalization companies underperform securities of smaller-capitalization companies or the market as a whole. The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. The Fund's portfolio may underperform other segments of the Chinese equity market or the equity market as a whole.
- *Non-U.S. Currency Risk* — The Fund's assets will be invested primarily in the securities of issuers in China, and the gains, losses and income received by the Fund will be denominated primarily in RMB whereas the Fund's reference currency is the U.S. dollar. As a result, the Fund's performance may be adversely affected by changes in currency exchange rates, which can be very volatile and change quickly and unpredictably. Such fluctuations may be due to changes in interest rates, investors' expectations concerning inflation and interest rates, the imposition of currency controls or other national or global political or economic developments. Moreover, the Fund may incur costs in connection with conversions between U.S. dollars and foreign currencies. In addition, the remittance of foreign currency and the exchange of RMB within China are subject to significant governmental restrictions. Because all transactions in A-Shares must be settled in RMB, limitations of the supply of RMB may adversely affect the Fund's operations. There is no assurance that the Fund will continue to have access to sufficient amounts of RMB to remain fully invested.
- *Foreign Securities Risk* — Investments in non-U.S. securities involve certain risks that may not be present with investments in U.S. securities. For example, investments in non-U.S. securities

may be subject to risk of loss due to foreign currency fluctuations or to political or economic instability. Investments in non-U.S. securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. These and other factors can make investments in the Fund more volatile and potentially less liquid than other types of investments.

- *Passive Investment Risk* — The Fund is not actively managed, and the Adviser would not sell a security due to current or projected underperformance of a security, industry or sector, unless that security is removed from the Index or the selling of shares of that security is otherwise required upon a reconstitution of the Index in accordance with the Index methodology. The Fund invests in securities included in the Index, regardless of their investment merits. The Fund does not take defensive positions under any market conditions, including conditions that are adverse to the performance of the Fund.
- *Trading* — Although shares of the Fund are listed for trading on a national securities exchange, such as NYSE Arca, Inc. (the “Exchange”), and may be traded on U.S. exchanges other than the Exchange, there can be no assurance that shares of the Fund will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of shares of the Fund may begin to mirror the liquidity of the Fund’s underlying portfolio holdings, which can be significantly less liquid than shares of the Fund, and this could lead to differences between the market price of the shares of the Fund and the underlying value of those shares.
- *Shares of the Fund May Trade at Prices Other than NAV* — As with all ETFs, shares of the Fund may be bought and sold in the secondary market at market prices. The price of shares of the Fund, like the price of all traded securities, will be subject to factors such as supply and demand, as well as the current value of the Fund’s portfolio holdings. Although it is expected that the market price of the shares of the Fund will approximate the Fund’s NAV, there may be *times when the market price of the shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount). This risk is heightened in times of market volatility, periods of steep market declines, and periods when there is limited trading activity for shares in the secondary market, in which case such premiums or discounts may be significant. Because securities held by the Fund trade on foreign exchanges that are closed when the Fund’s primary listing exchange is open, the Fund is likely to experience premiums and discounts greater than those of domestic ETFs.*

Item 9 Disciplinary Information

CSOP has no disciplinary information to report.

Item 10 Other Financial Industry Activities and Affiliations

China Southern Asset Management Co Ltd is a related person of CSOP that operates as an investment adviser and provides investment management services to institutional and retail investors in Mainland China. China Southern Asset Management Co Ltd is incorporated in China and regulated by the CSRC.

Wealthking Investments Limited is a related person of CSOP. It is an investment holding company incorporated in the Cayman Islands and is principally engaged in the investment in listed and unlisted enterprises.

Kingston Smart Limited is a related person of CSOP. It is incorporated in British Virgin Islands and is an investment vehicle.

CSOP Asset Management Pte. Ltd is a related person of CSOP. It is incorporated in Singapore and regulated by the Monetary Authority of Singapore for fund management activity.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

As part of an overall internal compliance program, CSOP has adopted policies and procedures (collectively, the “Code of Ethics”) imposing standards of business conduct. The Code of Ethics includes requirements to put client interests first and not to take inappropriate advantage of employment-related information. Objectives of the Code of Ethics include mitigating or obviating potential conflicts of interests between employees and investment advisory clients and assuring compliance with applicable laws and regulations. Existing and prospective CSOP clients may obtain copies of the Code of Ethics by mailing a written request for such document to:

CSOP Asset Management Limited
2801-2803, 3303-3304
Two Exchange Square
Hong Kong
Attention: Chief Compliance Officer

Participation or Interest in Client Transactions

CSOP’s employees may from time to time acquire or sell the same or similar securities, including individual securities and shares of pooled investment funds, as those held in client accounts. Investment and trading activities by CSOP employees in the same individual securities or investment funds held by CSOP client accounts may create conflicts of interest, or potential conflicts of interest, between CSOP’s employees and CSOP’s investment advisory clients. Such conflicts or potential conflicts could include:

- using knowledge of open, executed or pending portfolio transactions in a client account to profit from the market effect of such transactions;
- causing a client account to engage in a transaction in order to positively impact a personal investment holding; and
- using knowledge of portfolio holdings in an investment fund, including a unit investment trust, managed by CSOP to engage in a short-term trading strategy involving such fund.

CSOP has adopted a Code of Ethics and internal policy designed to promote high ethical and professional standards, and mitigate conflicts of interest—such as those described above.

Personal Trading

All CSOP’s employees are required to adhere to the Code of Ethics where it is stated that the employees of CSOP must obtain pre-clearance from the Chief Compliance Officer (“CCO”) or the designee and seek pre-approval prior to entering an order for security transactions for their personal accounts, unless an exception applies. Employees are prohibited from making a purchase or sale of a security at a time when they are in possession of nonpublic information, including information that CSOP is or may be considering a purchase or sale of such security on behalf of client accounts. A request for pre-clearance must be made by completing the Personal Trade Request Form, or similar document, and submitting it to the CCO or such person’s designee in advance of the contemplated transaction.

Employees are also required to report personal securities transactions to CSOP on at least a quarterly basis. The CCO has principal oversight and review responsibility with respect to this trading conducted by CSOP’s employees for their personal accounts.

CSOP's affiliates and their employees may from time to time acquire or sell the same securities held in CSOP client accounts. Conflict of interest concerns with respect to such investments are addressed primarily through reliance on informational barriers policies maintained by CSOP and CSOP's affiliates that restrict access by CSOP's affiliates and their officers, directors and employees to information relating to the investment intentions, activities, transactions and portfolio holdings of CSOP client accounts.

Item 12 Brokerage Practices

The investment team will take all reasonable steps to achieve the best quality of execution in relation to all transactions undertaken on behalf of clients in relation to financial instruments. Consequently, we have in place both a policy and procedures with the objective to achieve the best possible execution result, taking in account the nature of the client's order, the client's guidelines and the market or execution venue in question. The policy aims to achieve the most beneficial terms practically available across a range of sometimes conflicting factors over a period of time. This is achieved by taking into account a spectrum of different aspects which are not limited only to price, as further described below.

Execution Process

The investment team will take all reasonable steps with the resources and processes in place to satisfy itself that it will be able to deliver "best execution." Best execution may be measured over time through several transactions with the counterparty rather than through a single transaction. It requires due diligence and consideration of multiple factors, including but not limited to the following: (1) the character of the markets for the security (e.g., price, volatility, relative liquidity); (2) the size and type of transaction and (3) availability of quotation sources.

Portfolio managers are responsible for making investment decisions and originating trade orders, but they do not usually execute transactions themselves. This is the responsibility of a separate dealing function to ensure a more effective monitoring of market prices and trading activity in order to achieve the best execution possible for client trades. Before placing an order with a broker, we take into account any restrictions specified by our client.

Broker Selection

All our trades are executed with brokers who are on our approved broker list. The following steps will be taken when creating a list of broker-dealers that may execute client trades (the "Approved List of Broker-Dealers") and placing and re-placing a particular broker-dealer on the list. Periodically, the Head of Trading Department ("HTD") will meet with the equity investment team to evaluate the trading techniques and strategies it uses, performance of the broker-dealers it uses. The HTD will consider the following at this meeting, where applicable:

- input from portfolio managers, traders and others;
- establishing an acceptable commission range for trades;
- information about the commissions paid over the previous period, including to the extent whether the commissions exceed the acceptable, pre-established range and the circumstances that caused the deviation; and
- statistical and other information from consultants and vendors on the execution capabilities of broker-dealers.

The HTD will cause to create and from time to time modify the Approved Broker-Dealer List to reflect conclusions reached at the meeting and its regular review of brokerage pursuant to the procedures set forth below concerning reviewing prices and monitoring execution, in an effort to project trading activity.

Factors Considered When Placing a Trade

CSOP may execute a client trade with a particular broker-dealer only if that broker-dealer appears on the Approved List of Broker-Dealers, unless the HTD determines and documents the determination that using a non-approved broker-dealer is in the client's best interest. CSOP will attempt to obtain price quotations from multiple broker-dealers when placing orders and indicate the quotations on trade tickets for clients in an effort to document best execution. CSOP seeks the following when placing a trade for a client with a particular broker-dealer: speed of execution, price improvement, size improvement, commission, research and soft dollars, quality of overall execution services, expertise, financial

condition and skill. Any specific and/or general client instructions that may predetermine the manner we prioritize how to fill the client's transaction will also be taken into account. If there are no express instructions from the client, we will use our own discretion to determine the factors that have to be considered to achieve best execution applying our understanding and experience of the market concerned.

Soft Dollars

It is CSOP's policy to seek to obtain the best net price and best execution available for all transactions placed for the accounts of its clients. However, in certain circumstances, CSOP may direct brokerage transactions for clients' accounts to a broker-dealer that provides research services to CSOP, and may cause the account to pay higher commissions on those transactions than might be charged by another broker or dealer. This presents a conflict of interest because CSOP would otherwise have to pay for such services itself. However, CSOP will do so only where it has made a good faith determination that the brokerage commissions paid are reasonable in relation to the combined value of brokerage and research services provided by that broker-dealer, either with respect to the particular transaction or overall, in view of the research services and brokerage provided by that broker for all client accounts managed by CSOP. All new requests to obtain products and services using client commissions must be recommended by the respective portfolio manager and reviewed and approved by the CCO, CIO and CEO.

A specific product or service may be paid for under a client commission arrangement only if it provides lawful and appropriate assistance to CSOP in the performance of its investment decision-making responsibilities. Although the product or service must be one that is used in connection with the investment management of client accounts, it need not be used to benefit the particular client whose brokerage generated the commissions used for payment of a product or service: CSOP may and does use products/services paid for under a client commission arrangement to benefit any of its equity and (but not solely) fixed income accounts. Client commissions are used to obtain products/services from third parties, provided that the broker (and not CSOP) is obligated to pay for the product/service.

Any benefits derived from placing a fund's portfolio transactions with a particular broker-dealer, other than the discussed "research," are considered to be assets of that fund. Accordingly, brokerage transactions cannot be directed to a particular broker for the benefit of CSOP, or other funds, clients or persons. CSOP may direct portfolio transactions to a particular broker in exchange for the payment of that fund's custody or operating expenses, and CSOP must notify the fund of such offsets, which must be reflected in the expense table appearing in the fund's prospectus and financial statements.

The Fund does not utilize soft dollar arrangements.

Trade Aggregation

Wherever possible, to take advantage of execution opportunities, the investment team will look to aggregate orders within a strategy, or across different strategies, where common securities would be transacted. Orders of two or more clients may be aggregated only if the Portfolio Manager or the trader determines, on an individual client basis that the securities order is in the best interests of each client participating in the order; consistent with CSOP's duty to obtain best execution; and consistent with the terms of the advisory agreement of each participating client. As all portfolios in a single strategy are broadly managed in the same manner, once a decision is made it is generally taken and applied across all accounts invested in the strategy (subject to any individual mandate restrictions). The use of blocked trades generally enables CSOP to obtain the optimum execution for clients. On account of the size of the orders there is a risk of creating a significant market impact when placing trades, which could cause harm to clients. To minimize this risk, CSOP may place the largest block trades first in its trade rotation and attempt to execute those trades in a manner which will have the least market impact. For example, due to the size of the blocks, CSOP is able to deal directly with market makers, agency brokers or

authorized participants. Once those trades have been placed, the smaller blocks are able to be traded without suffering the effects of detrimental market impact.

Item 13 Review of Accounts

Review of Accounts

Account reviews are conducted and investment decisions made by the Investment Committee--which is comprised of the CEO, CIO, Head of Portfolio Manager, Portfolio Managers, and Risk Department representatives--during its monthly portfolio rebalancing and reallocation process. The management process involves determination of financial market conditions and the resultant investment profile; portfolio design considerations including asset class diversification and number of holdings; the ranking, screening and selection of securities using a proprietary mechanism. Results are presented to the Investment Committee and the CIO, which makes final determinations. All portfolio models are implemented based on Investment Committee and the CIO decisions. In terms of fund management, the Investment Committee is also responsible for reviewing the applicable offering documents and ensuring compliance with its provisions as well as those of CSOP's compliance manual.

Review Triggers

Other conditions may also trigger a review, such as a material event in market, ad hoc news or other commercial reasons.

Client Reporting

All clients receive regular periodic reporting in relation to the performance and positioning of their account. In addition to written reports, clients also receive information about their accounts verbally. While written reports are typically generated and delivered on a monthly, quarterly and/or annual basis, verbal reporting is typically carried out on an ad hoc basis, as and when the client requests. We seek to tailor our reports to the specific needs of our clients. Accordingly, client's reporting requirements are discussed in detail during the client take on process. In addition to regular periodic reporting, we also seek to provide other reports/commentary for clients, covering topical events in the markets within which we invest, on an ad hoc basis.

Item 14 Client Referrals and Other Compensation

CSOP may utilize the services of third-party solicitors, such as broker-dealers, other financial intermediaries, and other entities or individuals permitted by law (each, a “Third-Party Solicitor”), for client referrals pursuant to a written agreements with such parties.

In the event the CSOP or a related person of CSOP enters into a solicitation arrangement with any Third-Party Solicitor for client referrals, due diligence and background checks will be carried out prior to engagement to ensure that applicable regulatory registrations are in place and that they have adequate controls and procedures to monitor compliance with selling procedures and suitability requirements. Written Third-Party Solicitor’s referral agreement will be in place, reviewed and approved by CSOP’s CCO. CSOP will retain all records relating to the Third-Party Solicitors.

Each such Third-Party Solicitor typically will be compensated based upon a percentage of the investment advisory fee actually received by CSOP from the referred client. All advisory clients referred by a Third-Party Solicitor, if applicable, will receive this Brochure and a separate written disclosure statement describing the Third-Party Solicitor’s referral arrangement with CSOP, including the compensation paid and any additional amounts that may be charged to client and the amount attributable to the referral arrangement.

Item 15 Custody

CSOP does not have custody of client funds or securities.

Item 16 Investment Discretion

CSOP accepts discretionary authority to manage securities accounts on behalf of its clients, and substantially all of the accounts we manage are discretionary. As part of the client in-take process, we will review and negotiate an investment management agreement with the client, including a set of investment guidelines governing the management of the account. Amendments to these guidelines may take place on a periodic basis, with the express consent of both the client and CSOP.

CSOP generally receives discretionary authority from its clients to select and determine the securities or financial instruments to be brought or sold for the client's portfolio. In exercising its discretionary authority to make investment decisions for a client's portfolio, CSOP adheres to the investment guidelines, limitations and restrictions of the portfolio, as set forth in the investment management agreement.

Item 17 Voting Client Securities

CSOP, as a matter of policy, does not generally accept responsibility for voting proxies for portfolio securities held within client accounts. With respect to accounts over which CSOP performs proxy voting, it maintains written guidelines and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about CSOP's proxy policies and practices. Our guidelines and procedures include the responsibility to receive and vote client proxies where authorized and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records. CSOP's advisory agreements evidence the fact that voting authority has been retained by the client. CSOP seeks to mitigate any conflicts by using the services of a third-party voting agent, Broadridge, which will in turn inform custodian to vote on behalf of the client.

Responsibility

The Chief Operating Officer ("COO") is responsible for the monitoring of CSOP's Proxy Voting guidelines and procedures, including associated practices, disclosures and recordkeeping, as well as oversight of the third-party voting agent. The COO may delegate responsibility for the performance of these activities, but oversight and ultimate responsibility remain with the COO.

Procedures

CSOP has adopted various procedures to implement the firm's Proxy Voting guidelines and reviews to monitor and ensure that the firm's policy is observed, implemented properly and amended or updated, as appropriate. The procedures are as follows:

Proxy Voting Guidelines

The guiding principle by which CSOP votes, abstains or withholds its vote on all matters submitted to security holders is the maximization of the ultimate economic value of our clients' holdings. Furthermore, CSOP is mindful that for ERISA and certain other benefit plans, the focus on the realization of economic value is solely for the benefit of plan participants and their beneficiaries. CSOP does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, the guiding principle set forth above. It is our policy to avoid situations where there is any conflict of interest or perceived conflict of interest affecting our voting decisions. Any conflicts of interest, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures.

It is the general guideline of CSOP to consider voting on all matters presented to security holders in any proxy, and these guidelines and procedures have been designed with that in mind.

However, CSOP reserves the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of CSOP, the costs associated with voting such proxy outweigh the benefits to clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of our clients, in the judgment of CSOP. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote, depending on the nature and details of proxy voting, is ultimately cast on a case-by-case basis, taking into consideration CSOP's contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent CSOP believes appropriate). CSOP may vote proxies related to the same security differently for each Client.

For clients that have delegated to CSOP the discretionary power to vote the securities held in their account, CSOP does not generally accept any subsequent directions on specific matters presented to security holders or particular securities held in the account, regardless of whether such subsequent directions are from the client itself or a third party. CSOP views the delegation of discretionary voting

authority as an absolute choice for its clients. CSOP's clients shall be responsible for notifying their custodians of the name and address of the person or entity with voting authority.

In the event that CSOP acts as investment adviser to a closed-end and/or open-end registered investment company and is responsible for voting their proxies, such proxies will be voted in accordance with any applicable investment restrictions of the fund and, to the extent applicable, any proxy voting procedures or resolutions or other instructions approved by an authorized person of the Fund.

Absent any legal or regulatory requirement to the contrary, it is generally the policy of CSOP to maintain the confidentiality of the particular votes that it casts on behalf of its clients. Any registered investment companies managed by CSOP disclose the votes cast on their behalf in accordance with all legal and regulatory requirements. Any client of CSOP can obtain details of how CSOP has voted the securities in its account by contacting a service representative at CSOP. CSOP does not, however, generally disclose the results of voting decisions to third parties.

Conflicts of Interest in Connection with Proxy Voting

The COO has responsibility to monitor proxy voting decisions for any conflicts of interests, regardless of whether they are actual or perceived. In addition, relevant CSOP personnel are expected to perform their tasks relating to the voting of Proxies in accordance with the principles set forth above, according the first priority to the economic interests of CSOP's clients. If at any time any CSOP personnel become aware of any potential or actual conflict of interest or perceived conflict of interest regarding the voting policies and procedures described herein or any particular vote on behalf of any Client, he or she should contact any member of the COO or CSOP's CCO. If any CSOP personnel are pressured or lobbied either from within or outside of CSOP with respect to any particular voting decision, they are instructed to contact CSOP's COO and/or CCO. The portfolio manager, COO and CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in the best interest of the clients. The COO may cause any of the following actions to be taken in that regard:

- vote the relevant proxy in accordance with the vote indicated by the proxy guidelines;
- vote the relevant proxy according to established exception procedures, provided that the reasons behind the voting decision are in the best interest of the Client, are reasonably documented and are approved by the COO or CCO; or
- direct the third-party proxy voter to vote in accordance with its independent assessment of the matter.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. CSOP has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. CSOP does not require or solicit prepayment of fees from clients.