

PRESS RELEASE
15 JUNE 2020

NIKKO ASSET MANAGEMENT HONG KONG LIMITED

Nikko AM lists Asia's First Active Equity ETF

Nikko Asset Management today announces the listing of the NikkoAM E-Games Active ETF (the "ETF") on the Hong Kong Exchanges and Clearing Limited (HKEX) on 16 June 2020. The ETF gives investors access to a diversified portfolio of E-Games companies and related businesses, a real investment opportunity in the virtual world.

The E-Games industry is driven by several key disruptive innovations converging to catalyse structural long-term growth drivers. Already, 2.5 billion people are gamers, representing a third of the world's population. The maturing of critical technologies in cloud computing, 4G-5G internet connectivity and micro-payments anchor a strong base to sustain continued growth. As E-Games and streaming media become increasingly accessible through every mobile phone, this will continue to transform how the masses are entertained.

The first actively managed equity ETF in Asia, Nikko AM's newly launched E-Games ETF combines the convenience of real-time pricing and direct trading of an ETF, with the expertise of a fund manager to pick long term winners to ride a structural growth opportunity.

Said Eleanor Seet, Head of Asia ex-Japan, Nikko Asset Management, "The sophistication of Hong Kong investors makes them a ready audience for the concept of active ETFs. In applying this non-traditional approach to a theme that is itself a relatively recent phenomenon and on the cusp of exponential growth, we are pairing two innovations. Our pursuit of progressive solutions to benefit investors is a long term strategy which we believe supports the growth of the asset management industry."

The ETF will invest in a spectrum of companies that will benefit from the growth of the E-Games and E-Sports industry, from game developers, to gaming hardware and software applications, and high-speed telecommunications and streaming infrastructure.

Said Phillip Yeo, Joint Global Head of ETF Business at Nikko Asset Management, "With a total revenue that exceeds the combined revenues of both the movie and music industry, E-Games is the new entertainment medium. Even Netflix concedes that it competes (and loses) against Fortnite more than HBO.

"Active management will help to capture the unique upside potential of promising companies. This has particular significance because of the wide dispersion of equity performance in the e-game thematic segment. In this ETF, our fund managers adopt a high conviction bottom-up approach as part of a stringent investment process for stock selection and portfolio construction."

The NikkoAM E-Games Active ETF is also the first fund in Asia to adopt a variable management fee structure. To create value for investors and to encourage investors to stay invested for the long-term,

discounts will be given on the fund's base management fee should the fund returns fall below its target returns.

As of December 2019, the firm's ETF business had grown to over USD 81 billion, representing almost 31% year-over-year growth from USD 62 billion at the end of 2018. Ranked number two in Asia for AUM in the ETF business, Nikko AM is committed to continue the expansion of its ETF footprint leveraging its capability to provide a comprehensive range of ETF products across major asset classes.

Fund Details

Listing Date	16 June 2020
Base Currency	USD
Trading Currency	USD, HKD
Valuation Frequency	Daily
Listing	Hong Kong Stock Exchange – Main Board
Manager	Nikko Asset Management Hong Kong Limited
Trustee	BNP Paribas Trust Services (Hong Kong) Limited
Securities Market Makers/Designated Specialists	Flow Traders Hong Kong Limited, Phillip Securities Pte Ltd
Management Fee	A Variable Annual Management Fee is adopted for the ETF. This ranges between 0.50% - 0.95% per annum dependent on past performance track records. Currently, this fee is 0.50% per annum. (Details may be found in the Prospectus and the KFS)
Ongoing Charges	Estimated to be 0.70% p.a.
Ticker	USD: 9091 HKD: 3091
ISIN Number	USD: HK0000601028 HKD: HK0000601036

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About Nikko Asset Management

With US\$205.2 billion* under management, Nikko Asset Management is one of Asia's largest asset managers, providing high-conviction, active fund management across a range of Equity, Fixed Income, Multi-Asset and Alternative strategies. In addition, its complementary range of passive strategies covers more than 20 indices and includes some of Asia's largest exchange-traded funds (ETFs).

Headquartered in Asia since 1959, the firm represents nearly 200** investment professionals and over 30 nationalities across 11 countries. More than 400 banks, brokers, financial advisors and life insurance companies around the world distribute the company's products.

The investment teams benefit from a unique global perspective complemented by the firm's historic Asian

DNA, striving to deliver consistent excellence in performance. The firm also prides itself on its progressive solution-driven approach, which has led to many innovative funds launched for its clients.

For more information about Nikko Asset Management and to access its investment insights, please visit the firm's [homepage](#).

* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 31 March 2020.

** As of 31 March 2020, including employees of Nikko Asset Management and its subsidiaries.

Important Information

The NikkoAM E-Games Active ETF (the "Sub-Fund") is a fund constituted in the form of a unit trust and is a sub-fund of the Nikko AM Hong Kong Exchange Traded Funds Series. The units of the Sub-Fund (the "Units") are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). These Units are traded on the SEHK like listed stocks.

- Investment involves risks. Past performance or any prediction, projection or forecast is not indicative of future performance. The value of units and income from them may fall or rise. Investments in the Sub-fund is subject to investment risks, including the possible loss of principal amount invested. You should read the Prospectus and Key Facts Statement for details including the risk factors and the arrangement in the event that the Sub-fund is delisted. Investors should also note that the Sub-Fund is different from a typical unit trust and units may only be created or redeemed directly by a participating dealer in large creation or redemption units. This document is issued by Nikko Asset Management Hong Kong Limited and has not been reviewed by the Securities and Futures Commission.
- The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.
- The Sub-Fund employs an actively managed investment strategy. The Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager or the Sub-Manager. It may fail to meet its objective as a result of the Manager or the Sub-Manager's selection of investments, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to other index tracking funds with a similar objective.
- The Sub-Fund may invest in small and mid-capitalisation companies. The stocks of such companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risk, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- The Sub-Fund's investments are concentrated in the electronic games, mobiles games and electronic sports sectors, which may experience relatively higher volatility in price performance when compared to other economic sectors. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of

investments and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant sectors.

- The Sub-Fund may from time to time invest in financial derivative instruments for hedging purposes. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Fund.
- The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to the NAV.
- Subject to the Manager's discretion, the Manager may pay distributions to unitholders. There is no guarantee to the payment of distributions or frequency of payment. Unitholders will receive distributions in the base currency (USD) only. In the event that a unitholder has no USD account, the unitholder may have to bear the fees and charges associated with the conversion of such distributions, and bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.
- The Manager may at its discretion pay dividends out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the NAV per Unit of the Sub-Fund.