

- This is a leveraged product. It is different from conventional exchange traded funds as it seeks leveraged investment results relative to the Index and only on a Daily basis.
- This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the leveraged performance of the Index over the period.
- This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.
- This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

- This is a product traded on the exchange.
- This statement provides you with key information about this product.
- This statement is a part of the Prospectus.
- You should not invest in this product based on this statement alone.

#### Quick facts

<b>Stock code:</b>	07225
<b>Trading board lot size:</b>	200 Units
<b>Manager:</b>	Mirae Asset Global Investments (Hong Kong) Limited
<b>Trustee and Registrar:</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Ongoing charges over a year<sup>#</sup>: (annual average daily ongoing charges<sup>##</sup>)</b>	1.39% (0.0055%)
<b>Estimated annual average daily tracking difference<sup>###</sup>:</b>	Estimated to be -0.01%
<b>Index:</b>	Tokyo Stock Price Index (TOPIX)
<b>Base currency:</b>	Hong Kong dollars
<b>Trading currency:</b>	Hong Kong dollars
<b>Dividend policy:</b>	The Manager does not intend to pay or make any distributions or dividends
<b>Financial year end:</b>	31 March
<b>Product website:</b>	<a href="http://www.miraeasset.com.hk/li">www.miraeasset.com.hk/li</a>

<sup>#</sup> The ongoing charges figure is an annualized figure based on expenses reported in the Product's interim financial report for the period ended 30 September 2017. It represents the ongoing expenses chargeable to the Product as a percentage of the average Net Asset Value of the Product over the same period. The figure may vary from year to year. The ongoing charges figure has been capped at a maximum of 1.39% of the average Net Asset Value of the Product since launch. Any ongoing expenses of the Product will be borne by the Manager and will not be charged to the Product if such expense would result in the ongoing charges figure exceeding 1.39%. An increase or removal of the cap is subject to prior approval of the SFC and one month's prior written notice to Unitholders.

<sup>##</sup> The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for the year ended 31 March 2018. The figure may vary from year to year

<sup>###</sup> This is an estimated annual average daily tracking difference. Investors should refer to the Product's website for information on the actual daily tracking difference and actual average daily tracking

difference.

### What is this product?

- Mirae Asset Horizons Topix Daily (2x) Leveraged Product (the “**Product**”) is a sub-fund of the Mirae Asset Horizons Leveraged and Inverse Series, which is an umbrella unit trust established under Hong Kong law. The Product is an index tracking product falling under Chapter 8.4A, Chapter 8.6 and Appendix I of the Code on Unit Trusts and Mutual Funds. The units of the Product (“**Units**”) are listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”). These Units are traded on the SEHK like listed stocks.
- It is a futures-based product which invests directly in futures contracts on the Index traded on the Osaka Exchange (“**TOPIX Futures**”) so as to give the Product the leveraged (2x) Daily performance of the Index.
- The Product is denominated in HKD. Creations and redemptions are in HKD only.

### Objective and investment strategy

#### Objective

The Product seeks to provide investment results that, before deduction of fees and expenses, closely correspond to twice (2x) the Daily performance of the Tokyo Stock Price Index (TOPIX) (the “**Index**”). **The Product does not seek to achieve its stated objective over a period of time greater than one day.**

“**Daily**” in relation to the leveraged performance of the Index or performance of the Product, means the leveraged performance of the Index or performance of the Product (as the case may be) from the close of the relevant market of a given Business Day until the close of the relevant market on the subsequent Business Day.

#### Strategy

In seeking to achieve the Product’s investment objective, the Manager will adopt a futures-based replication investment strategy through investing directly in the nearest month TOPIX Futures, subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering the TOPIX Futures each calendar month, the Manager anticipates that not more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire the TOPIX Futures.

Not less than 70% of the Net Asset Value of the Product will be invested in cash (HKD and JPY) and cash equivalents (e.g. short term deposits). In addition, the Product will invest up to 10% of its Net Asset Value in exchange traded funds listed in Japan, the investment objective of which are to track the performance of the Index, and which are not managed by any member of the Mirae Asset Group (“**TOPIX ETFs**”).

#### Daily rebalancing

The Product as a leveraged product will rebalance its position on a day when the SEHK and the Japan Exchange Group (the “**JPX**”) are open for trading (i.e. a Business Day). On such days the Product will rebalance its position at or around the close of trading on the JPX, by increasing exposure in response to the Index’s Daily gains or reducing exposure in response to the Index’s Daily losses, so that its Daily leverage exposure ratio to the Index is consistent with the Product’s investment objective.

#### Futures roll

The Manager will use its discretion to carry out the roll-over of the nearest month TOPIX Futures into next nearest month TOPIX Futures with the goal that, by one Business Day before the last trading day of the nearest month TOPIX Futures, all roll over activities would have occurred.

#### Index

The Index is a free-float adjusted market capitalisation weighted index that is calculated based on

all the domestic common stocks listed on the First Section of the Tokyo Stock Exchange, Inc. (the “TSE”).

The Index is a price return index. A price return index calculates the performance of the index constituents on the basis that any dividends or distributions are not included in the index returns.

As at 30 April 2018, it comprised 2,021 constituent stocks with total market capitalisation of approximately JPY409 trillion.

The Index was launched on 1 July 1969 and had a base level of 100 on 4 January 1968. The Index is denominated in Japanese Yen (JPY).

The Index is calculated and published by the TSE (the “Index Provider”). The Manager (and each of its Connected Persons) is independent of the Index Provider.

The Index is composed of all domestic common stocks listed on the First Section of the TSE. Other types of securities such as subscription warrants, preferred stock and equity contribution securities are not included in the Index. The Index is calculated using free-float adjusted market capitalisation weighting.

### Top 10 constituents

As at 30 April 2018, the 10 largest constituent stocks of the Index as listed below, represented 15.91% of the Index:

Rank	Constituent Name	Weighting
1.	Toyota Motor Corporation	3.44%
2.	Mitsubishi UFJ Financial Group, Inc.	1.99%
3.	Softbank Group Corp.	1.49%
4.	Nippon Telegraph And Telephone Corporation	1.44%
5.	Sony Corporation	1.42%
6.	Sumitomo Mitsui Financial Group, Inc.	1.34%
7.	Honda Motor Co Ltd	1.33%
8.	Keyence Corp	1.29%
9.	Nintendo Co Ltd	1.12%
10.	Mizuho Financial Group Inc	1.05%

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### Index codes

Bloomberg: TPX

Reuters: .TOPX

For further details, please refer to the website of the Index Provider at <http://www.jpx.co.jp/english/markets/indices>.

### What are the key risks?

**Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.**

#### 1. Investment risk

- The Product is a derivative product and not intended for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial/total losses.

#### 2. Long term holding risk

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss

may be more than twice the fall in the Index).

- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected.
- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

### **3. Leverage risk**

- The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

### **4. Risk of rebalancing activities**

- There is no assurance that the Product can rebalance its portfolio on a Daily basis to achieve its investment objective. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

### **5. Liquidity risk**

- The rebalancing activities of the Product typically take place near the end of a trading day, shortly before the close of the underlying market, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

### **6. Intraday investment risk**

- The Product is normally rebalanced at day end. As such, return for investors that invest for a period less than a full trading day may be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the last rebalancing until the time of purchase.

### **7. Portfolio turnover risk**

- Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional ETFs. High levels of transactions increase brokerage and other transaction costs.

### **8. Futures contracts risks**

- The Product is a futures based product. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Product. Exposures to futures contracts may lead to a high risk of significant loss by the Product.
- A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry.
- There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

### **9. Japanese market risk**

- The Product's investments are concentrated in Japan. The value of the Product may be

more volatile than that of a fund having a more diverse portfolio of investments. The Japanese economy is heavily dependent on international trade and may be adversely affected by competition from emerging economies, political tensions with its trading partners and their economic conditions, natural disasters and commodity prices.

#### 10. Difference in price limit risk

- The Product's investment objective is to provide investment results that closely correspond to two times (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in TOPIX Futures to achieve its investment objective. In Japan, the daily price limit for the stock market and the daily price limit for TOPIX Futures may be different depending on various factors including the share price of individual stocks. As such, should the Index's daily price movement be greater than the price limit of the TOPIX Futures, the Product may not be able to achieve its investment objective as the TOPIX Futures are unable to deliver a return beyond their price limit.

#### 11. Currency risk

- The TOPIX Futures are denominated in JPY, not the base currency of the Product (which is HKD). The Net Asset Value may be affected unfavourably by the fluctuations in the exchange rates between such currency and the base currency and by changes in exchange rate controls.

#### 12. Passive investments risks

- The Product is not "actively managed" and therefore the Manager will not have discretion to adapt to market changes when the Index moves in an unfavourable direction to the Product. In such circumstances the Product will also decrease in value.

#### 13. Trading risks

- 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 Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

#### 14. Trading differences risk

- As the TSE may be open when the Units are not priced, the value of any TOPIX Futures in the Product's portfolio, and the value of any constituents in the Index to which such futures contracts are linked, may change when investors may not be able to buy or sell Units. Differences in trading hours between TSE and the SEHK may also increase the level of premium or discount of the Unit price to its Net Asset Value.

#### 15. Tracking error and correlation risks

- Due to fees, expenses, transaction costs, high portfolio turnover, liquidity of the market and the investment strategy adopted by the Manager, the correlation between the performance of the Product and the two times (2x) Daily performance of the Index may reduce. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of two times (2x) the Daily performance of the Index.

#### 16. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below HKD80 million. Any distribution received by a Unitholder on termination of the Product may be less than the capital initially invested by the Unitholder,

resulting in a loss to the Unitholder.

### 17. Reliance on market maker risks

- Although it is a requirement that the Manager will ensure that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement, the Product may be required by the SFC to be terminated if there is no market maker for the Units. There is no guarantee that any market making activity will be effective.

### How has the Product performed?

Since the Product is newly set up, there is insufficient data to provide a useful indication of past performance to investors.

### Is there any guarantee?

The Product does not have any guarantees. You may not get back the amount of money you invest.

### What are the fees and charges?

#### Charges incurred when trading the Product on the SEHK

Fee	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027% <sup>1</sup>
Trading fee	0.005% <sup>2</sup>
Stamp duty	Nil

<sup>1</sup> Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.

<sup>2</sup> Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

#### Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the Net Asset Value which may affect the trading price.

	Annual rate (as a % of the Product's Net Asset Value)
Management fee*	Up to 0.75%
Trustee fee*	Up to 0.12%, subject to a monthly minimum of HKD78,000 (waived for 12 months from (but excluding) the listing date)
Performance fee	Not applicable
Administration fee	Not applicable

\* Please note that such a fee may be increased up to a permitted maximum amount by providing 1 month's prior notice to Unitholders. Please refer to the "Fees and Charges" section of the Prospectus for details.

#### Other fees

You may have to pay other fees when dealing in the Units of the Product.

### Additional information

The Manager will publish important news and information with respect to the Product (including in respect of the Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at [www.miraeasset.com.hk/li](http://www.miraeasset.com.hk/li) (which has not been reviewed by the SFC) including:

- the Prospectus and this statement (as revised from time to time);
- the latest annual accounts and interim unaudited report (in English only);
- any notices relating to material changes to the Product which may have an impact on its investor such as material alterations or additions to the Prospectus or the Product's constitutive documents;
- any public announcements made by the Product, including information with regard to the Product and Index, the notices of the suspension of the creation and redemption of units, the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;
- the near real time estimated Net Asset Value per Unit updated every 15 seconds throughout each dealing day in HKD;
- the last closing Net Asset Value of the Product in HKD, and last closing Net Asset Value per Unit in HKD;
- the actual daily tracking difference, the actual average daily tracking difference and the tracking error of the Product;
- the past performance information of the Product;
- the composition of the Product (updated on a daily basis);
- a "performance simulator" of the Product which allows investors to select a historical time period and simulate the performance of the Product vis-à-vis the Index during that period based on historical data;
- the latest list of the participating dealers and market makers; and
- the last closing level of the Index.

**Important**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.