



NikkoAM

Metaverse Theme Active ETF

9091/3091 HK

The NikkoAM Metaverse Theme 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 brochure 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 companies involved in the Metaverse Business. 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 Metaverse is a new theme. Some aspects of the Metaverse may be based on untested technologies. The Metaverse may expose users to fraud or scams as certain users or groups of users may engage in fraudulent activities or transaction through the dishonest or illegal use of technologies or services provided by companies in the Metaverse Business. Future regulatory developments could also affect the viability of the Metaverse and the business prospects of the companies involved in the Metaverse Business.
- 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.

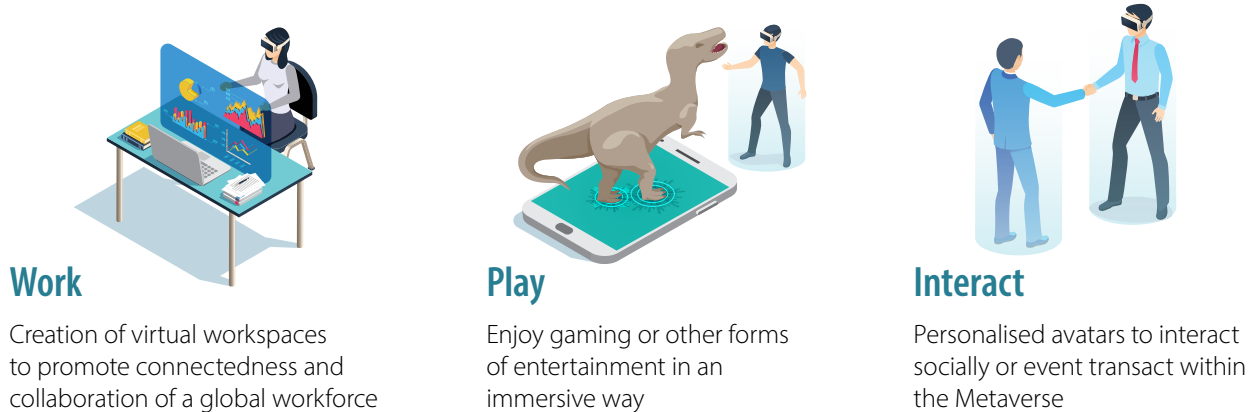
The NikkoAM Metaverse Theme Active ETF

Access a new reality with infinite possibilities

An actively managed ETF in Hong Kong that enables investors to own a part of the Metaverse revolution.

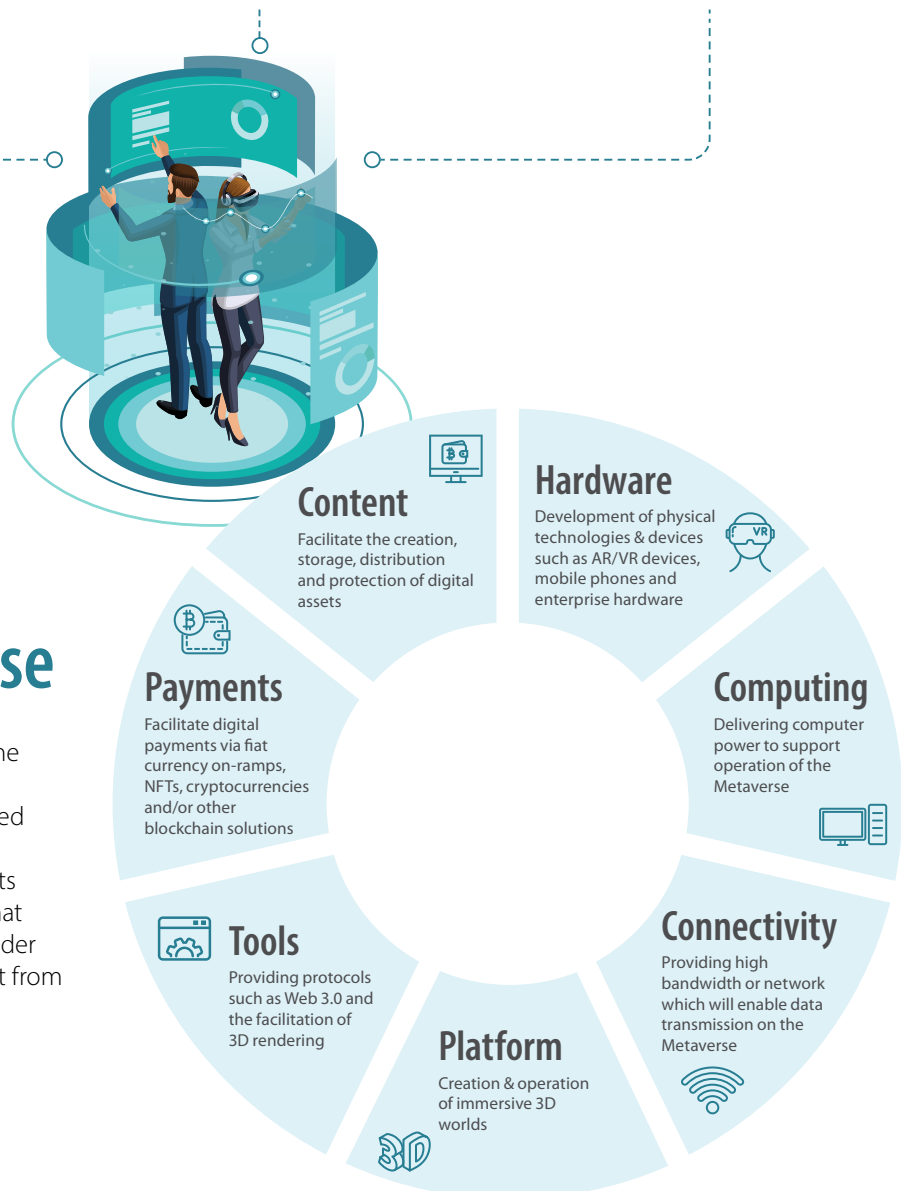
Envisioning the Metaverse – the next evolution of the Internet

The Metaverse is a persistent virtual, three-dimensional, fully immersive world that allows a substantial number of users to seamlessly work, play and interact as they do in the real world.



7 key themes of the Metaverse

The Metaverse is still very much at the early stages and will continue to be shaped by 7 key themes that will need to evolve together over time to fully enable the Metaverse and facilitate its widespread adoption. Companies that provide products and/or services under these 7 themes are poised to benefit from the development of the Metaverse.



Why Invest in the Metaverse?

1. Transformational in many aspects of our lives

The Metaverse will redefine content creation and ownership, facilitate individual creator economies, enhance digital content curation, and potentially transforming existing business models and economics across various industries.

Illustration of use cases:

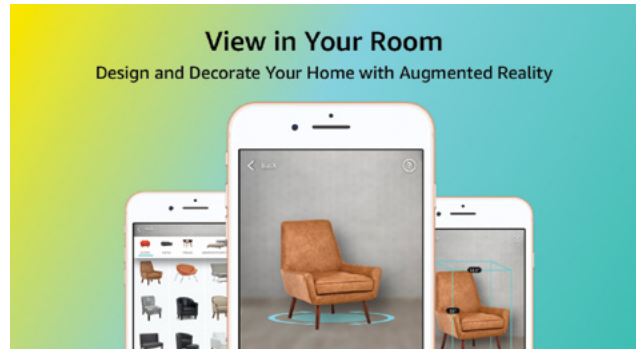
Entertainment



K-Pop group Blackpink's concert was filmed and placed on Meta's virtual world as a 70-minute Virtual Reality (VR) experience in Dec 2023. In 2022, the group also played a virtual concert in the mobile game 'PUBG Mobile'

Source: musically.com, 16 Nov 2023

E-commerce



Amazon launched Amazon AR Room Decorator, a tool that allows the user to design the look of their room with more than 1 piece of furniture. The user can see how the product will look like in their room, read reviews and add it to their cart within the virtual environment.

Source: metamandrill.com, 1 April 2024
Image source: Amazon.com, 1 April 2024

Workplace of the future



Soldiers, pilots, and surgeons have experimented with Virtual Reality (VR) and Augmented Reality (AR) to conduct training. The metaverse could take this further where corporate meetings are conducted with employees' 3D avatar, and virtual workplace setups can be brought to anywhere in the world. Trainee surgeons could be virtually standing beside veterans as they operate in another part of the world.

Source: workplace.com/blog, 1 April 2024

Socialising in a virtual world

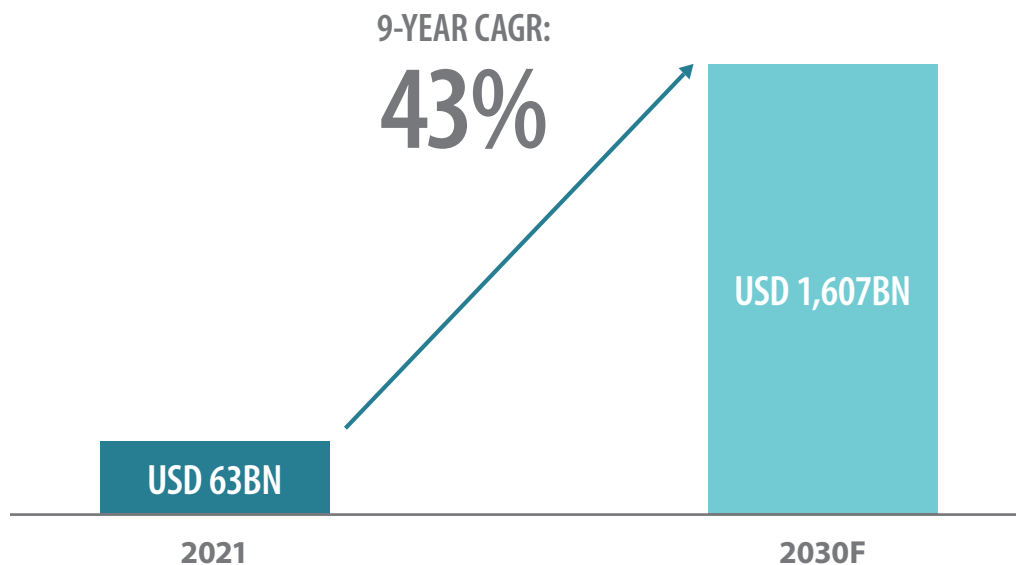


The metaverse could be the next generation form of social media, providing a truly immersive experience for users. People can interact in a virtual setting with endless possibilities and do various activities together, such as gaming, shopping, playing, and even dating.

Source: forbes.com, 24 August 2022

2. High growth potential over the long term

The global metaverse market is forecasted to grow from USD 63 billion in 2021 to USD 1.6 trillion in 2030, representing a 9-year Compound Annual Growth Rate (CAGR)* of 43%.



* The compound annual growth rate (CAGR) is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.

Source: Emergen Research, April 2022

3. Tailwinds supporting the Metaverse revolution

The convergence of emerging trends have provided benign conditions for development of the Metaverse space.

Proliferation of cheaper hardware



Next generation hardware are becoming cheaper and more powerful, improving user experience

Emergence of decentralised finance



Introduction of blockchain technology have enabled transaction of digital currencies and goods

Acceleration of digitisation



COVID-19 has accelerated digitisation and normalised online engagement and communication

Nikko AM's Active ETF capabilities:

Experienced investment team

- Backed by a track record in actively managed strategies targeting disruptive themes.

Rigorous active management process

- Bringing the best of Nikko AM's global active management skills to navigate the rapidly changing Metaverse landscape and identify the best metaverse companies.

Idea generation



Scouring the universe for companies with increasing exposure and revenue from Metaverse Investment Themes

Fundamental research



Meticulous analysis to determine companies with sustainable returns underpinned by favourable fundamental driver

Portfolio construction



Continuous review to build an optimised portfolio to blend thematic relevance, growth, and expected return

Final portfolio



A final portfolio consisting of 30-60 high conviction stock selections

Risk management



Macro overlay, institutional-grade independent checks, balances, and oversight through the process



Fund Details

Listing Date	Previously listed on 16 June 2020 as the NikkoAM E-Games Active ETF
Effective Date	Effectively changed to the NikkoAM Metaverse Theme Active ETF on 6 September 2022
Trading Lot Size	10 Units
Base Currency	USD
Trading Currency	USD and HKD
Distribution Policy ⁽¹⁾	The Fund currently has no intention to make distributions
Valuation Frequency	Daily
Listing	The Stock Exchange of Hong Kong Limited – Main Board
Manager	Nikko Asset Management Hong Kong Limited
Sub-Manager	Nikko Asset Management Asia Limited
Trustee	BNP Paribas Securities Services, acting through its Hong Kong Branch
Auditor	PricewaterhouseCoopers
Financial Year End	30 June
Securities Market Makers/ Designated Specialist	Flow Traders Hong Kong Limited, Phillip Securities Pte Ltd.
Management Fees	Currently 0.75% per annum of the Net Asset Value
On-going Charges ⁽²⁾	1.40% (As of financial period ended 30 June 2023)
Ticker	USD: 9091 HK, HKD: 3091 HK
ISIN Number	USD: HK0000601028, HKD: HK0000601036

(1) 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. Distributions will be paid in the base currency (USD) only. Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.

(2) This is indicative only. In view of the change of management fee structure of the Sub-Fund and an effective increase in management fee with effect from 6 September 2022, the ex-post figure is considered unsuitable. The ongoing charges figure indicated above is an estimate only and is calculated based on the estimated ongoing expenses chargeable to the Units over a 12-month period expressed as a percentage of the Units' average NAV over the same period. The figure may vary from year to year.

