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## **Samsung S&P High Dividend APAC ex NZ REITs ETF**

Stock Code: 09187 – USD counter

Stock Code: 03187 – HKD counter

(the “**Sub-Fund**”)

*(a sub-fund of Samsung ETFs Trust II (the “**Trust**”), a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)*

### **Announcement**

#### **Addition of Securities Lending Transactions to Investment Strategy**

#### **Change of Distribution Frequency**

Unless otherwise stated, capitalised terms used in this Announcement shall have the same meaning ascribed to them in the prospectus of the Trust and the Sub-Fund dated 9 October 2020 (the “**Prospectus**”).

Samsung Asset Management (Hong Kong) Limited, the Manager of the Trust and the Sub-Fund (the “**Manager**”), wishes to inform Unitholders of the Sub-Fund of the following updates in respect of the Sub-Fund:

#### **A. Addition of securities lending transactions to investment strategy**

With effect from 2 March 2021, the investment strategy of the Sub-Fund shall be amended such that the Manager may enter into securities lending transactions on behalf of the Sub-Fund with a maximum level of up to 25% and an expected level of approximately 20% of the Sub-Fund’s Net Asset Value (the “**Securities Lending Change**”).

The Manager will be able to recall the securities lent out at any time. All such transactions will only be entered into with institutions of appropriate financial standing which are

acceptable to the Manager. As part of the securities lending transactions, the Sub-Fund will receive as collateral sufficient cash and/or liquid assets, the value of which, during the duration of the securities lending agreement, will be equal to at least 100% of the global valuation of the securities lent (interests, dividends and other eventual rights included), marked to market on a daily basis. The Trustee will be responsible for the safekeeping of such collateral received and held in custody. The Sub-Fund will not engage in any reinvestment of collateral received.

The global valuation of the securities lent will be disclosed in the annual audited financial reports and interim half yearly unaudited financial reports of the Sub-Fund.

To the extent the Sub-Fund undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a securities lending agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Sub-Fund. The cost relating to securities lending transactions will be borne by the borrower.

#### 1. Reason for the Securities Lending Change

The reason for the Securities Lending Change is to enhance efficient portfolio management and allow the Manager to maintain greater flexibility for the Sub-Fund to engage in securities lending transactions to achieve its investment objective.

#### 2. Additional risks due to the Securities Lending Change

The Sub-Fund will be subject to additional risks associated with securities lending transactions due to the Securities Lending Change, as set out below:

*The borrower may fail to return the securities in a timely manner or at all. The Sub-Fund may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests and may trigger claims.*

*There is a risk that the collateral received may be realised at a value lower than the value of the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, intra-day increase in the value of the securities lent, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded. This may result in significant losses for the Sub-Fund if the borrower fails to return the securities lent out.*

*By undertaking securities lending transactions, the Sub-Fund is exposed to operational risks such as delay or failure of settlement. Such delays or failure may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests and may trigger claims.*

The risk disclosures in the Prospectus of the Trust (including the Appendix of the Sub-Fund) and the product key facts statement of the Sub-Fund (“KFS”) will be updated in due course. Please refer to the section “General” below for further details. Investors are urged to consider the risks of the investments of the Sub-Fund.

#### 3. Impact on the Sub-Fund

The Securities Lending Change will not amount to a material change to the Sub-Fund. Other than as outlined above, the Securities Lending Change is not expected to change the operation of the Sub-Fund and/or manner in which the Sub-Fund is being managed or have effects on existing investors. Other than the additional risks disclosed above, there will not be any material changes or increase in the overall risk profile of the Sub-Fund following the Securities Lending Change.

There are no changes in the fee level/cost in managing the Sub-Fund as a result of the Securities Lending Change.

The Manager does not expect a substantive change to the ongoing charges figures of the Sub-Fund. The Manager will monitor the ongoing charges figures and, if necessary, update the figures in the KFS in accordance with the relevant SFC guidance.

The Manager determines that there are no matters or impact arising from the Securities Lending Change that may materially prejudice the existing investors' rights or interests. The Securities Lending Change does not require Unitholders' approval. The Trustee does not have any objection to the Securities Lending Change.

## **B. Change of distribution frequency**

Currently, the Manager intends to declare and distribute net dividends to Unitholders semi-annually (in June and December each year) subject to the Manager's discretion<sup>1</sup>.

With effect from 2 March 2021, the intended distribution frequency will be changed such that the Manager will intend to declare and distribute net dividends to Unitholders quarterly (in March, June, September and December each year) subject to the Manager's discretion (the "**Dividend Frequency Change**").

### **1. Reason for the Dividend Frequency Change**

The reason for the Dividend Frequency Change is to provide flexibility in the distribution policy of the Sub-Fund.

For the avoidance of doubt, apart from the Dividend Frequency Change, there is no other change to the distribution policy of the Sub-Fund and no other impact on Unitholders of the Sub-Fund.

### **2. Impact on the Sub-Fund**

For the avoidance of doubt, (i) the Dividend Frequency Change will not amount to a material change to the Sub-Fund; (ii) there will be no material change or increase in the overall risk profile of the Sub-Fund; and (iii) the Dividend Frequency Change does not materially prejudice the rights or interests of Unitholders.

## **C. Costs in connection with the Securities Lending Change and the Dividend Frequency Change**

The costs (including legal fees and translation fees) incurred in connection with the Securities Lending Change and the Dividend Frequency Change will be approximately HK\$486,000 and will be borne by the Sub-Fund. These costs are not expected to be

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<sup>1</sup> For the avoidance of doubt, please note that no distributions were made in December 2020.

material to the Sub-Fund, and hence are not expected to pose any material impact to the Net Asset Value of the Sub-Fund nor any significant adverse impact to Unitholders.

**D. Other updates**

Apart from the abovementioned changes, other changes will also be made to the Prospectus and KFS, including other minor and miscellaneous updates.

**E. General**

The Prospectus (including the Appendix of the Sub-Fund) and the KFS will be updated to reflect the changes described above. The revised Prospectus and KFS will be published on the Manager's website at [www.samsungetf.com.hk](http://www.samsungetf.com.hk) (this website has not been reviewed by the SFC) and HKEx's website at [www.hkex.com.hk](http://www.hkex.com.hk).

Investors who have any enquiries regarding the above may contact the Manager at 4513-14, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or on +852 2115 8710 during office hours.

**Samsung Asset Management (Hong Kong) Limited**

**三星資產運用（香港）有限公司**

**as Manager of the Trust and the Sub-Fund**

2 February 2021