

Opening the door to China's domestic equity

L&G E Fund MSCI China A UCITS ETF

Part of the changing demographics thematic range



CASH

L&G E Fund MSCI China A UCITS ETF

Key features

Exposure to China's domestic markets

Physically replicating UCITS ETF

Tracks the MSCI China A Onshore Index

China has experienced a remarkable period of growth as it has transitioned from a centrally planned economy to a market based economy. Today, China is the world's second largest economy with a population that is increasingly upper middle-income.

The importance of China to the global economy is undeniable.

The inclusion of Chinese A shares in the MSCI Emerging Market Index and broader MSCI AC World Index is a wake-up call for investors to re-think their China strategies.

Legal & General Investment Management is pleased to offer a broad and diversified exposure to China's A-share market in a physically replicated UCITS exchange traded fund (ETF) tracking the MSCI China A Onshore Index.

CHANGING DEMOGRAPHICS PRODUCT RANGE

Population changes are impacting the global economy and trade as the balance of global supply and demand across nations is altered by shifting demographics.

Big changes in demographics are happening now, creating opportunities as well as challenges. Domestic demand is growing in the emerging economies, while developed countries shift towards an ageing population, stretching under-pressure public finances further.

Our range of changing demographics products provides access to China and the US, torch bearers for the emerging and developed worlds respectively.

For more information,
visit: lgimETF.com

Key facts

L&G E Fund MSCI China A UCITS ETF (CASH)

Characteristics	Comments
Physically replicated UCITS ETF	This ETF provides exposure to a diverse basket of Chinese companies in a single and convenient UCITS ETF vehicle.
Tracks the MSCI China A Onshore index	The MSCI China A Onshore Index covers a mix of large and mid-cap Chinese "A-share" companies listed on the Shanghai and Shenzhen Stock Exchange, with less concentrated exposure to financials and large-cap state enterprises. It also provides a building block for the eventual full inclusion of Chinese A-shares in the MSCI Emerging Markets Index.
Built in collaboration with one of China's leading asset managers	E Fund Management (Hong Kong) Co. Limited is one of the leading asset management groups in China. Headquartered in Guangzhou, the company has offices in Beijing, Shanghai, Chengdu, Dalian, Nanjing, Hong Kong and the United States. E Fund Management (Hong Kong) Co. Limited is a licensed RQFII and QFII investor. The company has total assets of RMB 1.3 trillion, equivalent to USD 205 billion (as at 31 March 2018).

What are China A-shares?

China A-shares are the shares of companies incorporated in mainland China and traded in Shanghai or Shenzhen in Chinese Renminbi (RMB). Their stocks have historically been largely inaccessible to international investors. A limited number of qualified foreign investors through the Qualified Foreign Institutional Investor (QFII) and the Renminbi Qualified Foreign Institutional Investor (RQFII) programmes have been able to access A-shares. With the opening up of the Shanghai and Shenzhen Stock Connect, a limited number of A-shares have become directly accessible to foreign investors.

Type	Currency	Exchanges	Eligible investors
A-shares	RMB	Shanghai and Shenzhen stock exchanges	Chinese domestic investors; RQFII and QFII quota holders; foreign institutions via the Stock Connect programmes (subject to daily trading limits)
B-shares	USD; HKD	Shanghai and Shenzhen stock exchanges	Foreign investors
H-shares	HKD	Hong Kong Stock Exchange	All investors
Red chips	HKD	Hong Kong Stock Exchange	All investors
P chips	HKD	Hong Kong Stock Exchange	All investors
ADRs & N-shares	USD	NYSE	All investors

What is RQFII?

"RQFII" stands for Renminbi Qualified Foreign Institutional Investor. This scheme was launched in 2011 in order to provide foreign investors access to the physical China A-share market with offshore RMB. International investors have limited access to A-shares and physical access is restricted to QFII and RQFII license holders. Most international investors access Chinese stocks via derivatives, B-shares, or offshore stocks such as H-shares and Red chips traded in Hong Kong. With the RQFII programme, qualified foreign asset managers are permitted to manage physically replicating A-shares ETFs which invest directly in Chinese domestic shares. Before this door-opening programme, ETFs listed outside mainland China could only access the market through synthetic replication.

What is QFII?

"QFII" stands for Qualified Foreign Institutional Investor. The scheme was launched in 2002 in order to allow foreign investors access to China's capital markets. Using offshore currency accounts, licensed QFII can directly invest in A-share equities on both the Shanghai and Shenzhen exchanges, as well as bonds, index futures, warrants, open/closed-end funds and ETFs.

Why track the MSCI China A Onshore Index?

The MSCI China A Onshore Index offers a broad and comprehensive A-share coverage with little overlap with major Chinese offshore stock indices.

The MSCI China A Onshore Index also has a lower concentration of exposure to financials and state-owned enterprises, with a greater weighting towards consumer, industrial and healthcare sectors.

Product information

Fund name	L&G E Fund MSCI China A UCITS ETF
Benchmark	MSCI China A Onshore Net Total Return (Ticker: MBCN1A)
Listings and tickers	London Stock Exchange: CASH LN (USD); CASE LN (GBP)
	Xetra: CASH GY (EUR)
	Euronext: CASH NA (EUR)
	Borsa Italiana: CASH IM (EUR) (See Igitmf.com for additional listings)
ISIN	IE00BHBFD83
	DE000A1XEFE1
UCITS	Yes
Domicile	Ireland
TER (%)	0.88%
Base currency	USD
Replication	Physical replication (optimised)
Distribution	Accumulating
Issuer	Legal & General UCITS ETF Plc
Sub-investment manager	E Fund Management (Hong Kong) Co. Limited
Custodian	BNY Mellon Trust Company (Ireland) Limited
Local sub-custodian	HSBC Bank (China) Company Limited
Stock lending	No
Promoter	Legal & General Investment Management Limited

Partnership model

Contributing companies

Legal & General Investment Management

- Promotes the fund and monitors fund performance.
- One of the largest investment managers in the UK.
- Expertise in multiple asset classes including equities and fixed income.

E Fund Management (Hong Kong) Co. Limited

SUB-INVESTMENT MANAGER

- Regulated by HK Securities and Futures Commission and approved by the Central Bank of Ireland as investment manager.
- One of the largest RQFII quota holders.
- The leading asset manager in China.
- Years of experience managing direct equities in China.

L&G E Fund
MSCI China A
UCITS ETF

Exchange code
CASH

Important Information

The value of an investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount you originally invested. Past performance is no guarantee of future results.

The product discussed in this document is issued by Legal & General UCITS ETF Plc (The 'Issuer'), an open ended investment company with variable capital with segregated liability between its sub-funds and which is organised under the laws of Ireland as a public limited company. The Issuer has been authorised by the Central Bank of Ireland as a UCITS pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations and is structured as an umbrella company with multiple sub-funds. Each sub-fund may issue different classes of shares (the "Shares"). The Shares discussed in this document represent the L&G E Fund MSCI China A UCITS ETF (the "Fund"). Legal & General Investment Management Limited acts as promoter and distributor for the Fund.

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