

KGI Taiwan Premium Selection High Dividend 30 ETF

(Dividends may be distributed from the reserve for income equalization. No guaranteed incomes or dividends)

SIMPLIFIED PROSPECTUS

Printed on: July 31, 2024

1. The Simplified Prospectus represents the very key points of the Prospectus in summary. The wording and definitions contained in the Simplified Prospectus are exactly same as those in a Prospectus.
2. After an Investor subscribes to the Fund, his or her rights & obligations are detailed in the Prospectus. An investor who intends to subscribe to the Fund is advised to peruse the Prospectus in full.

| I. Fundamental particulars | | | |
|---|---|---------------------------------------|-----------------------------|
| Title of the Fund | KGI Taiwan Premium Selection High Dividend 30 ETF (Dividends may be distributed from the reserve for income equalization. No guaranteed incomes or dividends) | Establishment date | August 1, 2022 |
| Management Company | KGI Securities Investment Trust Co. Ltd. | Type of the Fund | Open-end |
| Fund Custodian Institution | Chang Hwa Commercial Bank, Ltd. | Category of the Fund | Exchange Traded Fund (ETF) |
| Entity delegated for management | Nil | Authorized territories for investment | Republic of China (Taiwan) |
| Foreign investment consultation company | Nil | Duration of existence | Duration of infinite period |
| Allocation of gains | Quarterly distribution (the last calendar day of each February, May, August and November as the income valuation date) | Pricing currencies | New Taiwan Dollars |
| Performance benchmark | TIP Customized Taiwan Multi-Factor High Dividend 30 Index, a customized Smart Beta index. Please refer to pages 26-31 of the prospectus for details. | Guarantee entity | Nil ; Not a guarantee fund |
| | | Guarantee related information | Nil |

II. Scope of investment with the Fund and characteristics in the investment

1. Investment scope:

The Fund primarily invests in TWSE/TPEX-listed stocks and securities-related instruments approved by the competent authorities. The Fund adopts an indexing strategy, aiming to track the performance of the benchmark index (namely, TIP Customized Taiwan Multi-Factor High Dividend 30 Index) as closely as possible after deducting all necessary expenses. To achieve this investment objective, the Fund will from its listing date invest at least 90% of its net asset value in the component stocks of the benchmark index, and in principle, must achieve 100% coverage of the index components. To meet the Fund's need for index tracking and requirements for capital allocation, Management Company may engage in the aforementioned securities investments and transactions of other securities-related instruments approved by the Financial Supervisory Commission, to ensure that the overall exposure of the investment portfolio can closely match 100% of the Fund's net asset value. The aforesaid indexing strategy primarily uses full replication. However, in special circumstances (including but not limited to insufficient liquidity of component stocks, trading suspensions, the Fund's response to subscriptions and redemptions, imminent changes in index components, or other market factors that make it difficult for the Fund to use full replication to track the benchmark index performance), Management Company may, based on actual needs, use optimization methods for asset management to pursue performance closely tracking the benchmark index.

- (1) **About the benchmark index:** TIP Customized Taiwan Multi-Factor High Dividend 30 Index selects 30 stocks from the top 300 stocks after liquidity testing, quality factors, and downside risk screening and by prioritizing market capitalization. These 30 stocks are ranked based on low volatility factor and dividend factor performance. The index then allocates component stock weights by using a combination of free-float market capitalization and dividend factor indicators, in order to create a stock portfolio with financial quality, low volatility, and cash dividends.
- (2) **Differences between the benchmark index and traditional indices:** The Fund's benchmark index – TIP Customized Taiwan Multi-Factor High Dividend 30 Index - differs from the representative index - Taiwan

Stock Exchange Capitalization Weighted Stock Index (TAIEX) in terms of sampling universe, screening criteria, sorting methods, and weightings.

2. Investment characteristics:

- (1) The Fund aims to manage its investment portfolio to replicate the performance of TIP Customized Taiwan Multi-Factor High Dividend 30 Index. The component stocks offer financial quality, low volatility, and cash dividends, so that investors do not have to worry about stock selection.
- (2) The Fund announces its portfolio composition daily and releases real-time estimated net asset values during trading hours. The index provider regularly or from time to time publishes the latest component stocks of the Fund's benchmark index and relevant changes. Management Company will also disclose the Fund's investment portfolio. Information is relatively transparent.
- (3) This Fund is listed on the Taiwan Stock Exchange. Investors can trade during the exchange's trading hours or conduct subscriptions and redemptions through participating securities firms in the primary market during the times specified by Management Company. Trading is easy and can be done in many convenient ways.

III. Major potential risks for investment in the Fund

- 1. Risk of tracking the benchmark index:** The Fund's investment performance will be driven by the trend of the benchmark index it tracks. When the benchmark index fluctuates dramatically or declines, the Fund's net asset value will also fluctuate accordingly.
- 2. Risk of the Fund not fully mirroring the performance of the benchmark index:**
 - (a) The Fund may need to adjust its exposure due to factors such as subscriptions, redemptions, or maintaining required exposure ratios. Therefore, the Fund's net asset value will be affected by daily prices of securities or futures, transaction fees, other necessary fund expenses (such as management fees, custodian fees, listing fees, etc.). Price fluctuations of portfolio components, or the Fund's overall exposure ratio may cause the Fund's returns to deviate from the investment objective.
 - (b) To track the performance of the benchmark index, the Fund needs to construct its overall exposure with positions in index components and securities-related instruments. Therefore, factors such as the Fund's total exposure ratio, daily contango/backwardation of securities-related instruments (such as futures) relative to the underlying index or components, correlation between securities-related instruments held and spot markets, and price fluctuations of portfolio components will affect the deviation between the Fund's investment portfolio and the multiple return of the benchmark index.
- 3. The benchmark index tracked by the Fund is a customized index, specifically a Smart Beta (single-factor/multi-factor) index.** The characteristics of this index and its differences from traditional indices may lead to index products with stock allocations leaning towards specific themes, characteristics or sizes. As a result, the performance of index products may not be suitable for comparison with traditional indices, among related risks. Management Company does not guarantee that the index will outperform the market at all times. In certain market environments, the index performance may lag behind market-cap weighted indices or other performance benchmarks, and the time period of such underperformance is unknown. The Fund's benchmark index is a Smart Beta (single-factor/multi-factor) index and compared to ETFs tracking market-cap weighted indices, the benchmark index may have a significant proportion of holdings invested in smaller market capitalization companies. Please refer to pages 38-39 of the prospectus for "The differences and risks compared to the representative index".
- 4. The Fund is an exchange-traded fund (ETF) that aims to track the performance of "TIP Customized Taiwan Multi-Factor High Dividend 30 Index."** The Fund invests in securities within the Republic of China (Taiwan) and, at reasonable risk levels, in securities related to the benchmark index. The Fund's investment risks include the risks associated with benchmark index price fluctuations, over-concentration in certain sectors, industry cyclicality, liquidity, tracking of the benchmark index, and the Fund's returns not closely mirroring the benchmark index's returns. Whilst investing in ETFs has the effect of risk diversification, there are still considerable risks, and investors should be aware of all risks associated with investment in the Fund. Please refer to the "Fund Risk and Return Classification Standard issued by the Securities Investment Trust & Consulting Association of the R.O.C." for the Fund's characteristics, investment strategy, investment area, and main investment risks. A fund's risk and return profile is classified on a scale from RR1 to RR5 (low to high) based on fund types, investment areas or main investment targets/industries. The Fund is classified as RR4 for its risk-return profile. This classification is based on the calculated standard deviation of a fund's net asset value volatility over the past five years and the range of standard deviations. Investors are reminded that this classification reflects market price volatility risk under general market conditions and cannot cover all risks (such as a fund's currency exchange risk, invested industry risk, credit risk, interest rate risk, liquidity risk, etc.). It should not be referred to as the sole basis for investment. Before investing, investors should still pay attention to the specific risks of the funds they invest in and consider their own risk tolerance and the length of time their capital can be utilized. Please peruse the Fund's prospectus for the relevant risks of investing in the Fund. Relevant data such as annualized standard deviation, Alpha, Beta, and Sharpe ratio can be found on the website of the Securities

Investment Trust & Consulting Association of the R.O.C. in the Fund Performance and Evaluation Indicators Inquiry section (https://www.sitca.org.tw/index_pc.aspx).

5. Please refer to pages 21-23 and pages 32-44 regarding the restrictions on the Fund's asset utilization and the disclosure of investment risks.

IV. Analyses on the attributes of the investors oriented to the Fund

The Fund is an exchange-traded fund (ETF), mainly investing in the component stocks of TIP Customized Taiwan Multi-Factor High Dividend 30 Index. The main income sources include potential capital gains and dividend incomes. As the Fund only invests in the domestic securities market, the risk is relatively concentrated, and investment risks cannot be completely eliminated. Investors should fully understand the Fund's investment characteristics and risks. The Fund is suitable for investors who seek long-term capital appreciation and who can withstand the risks of benchmark index price fluctuations, over-concentration in certain sectors, industry cyclicality, liquidity issues, risks of tracking the benchmark index, and the Fund returns not closely mirroring to the benchmark index's returns.

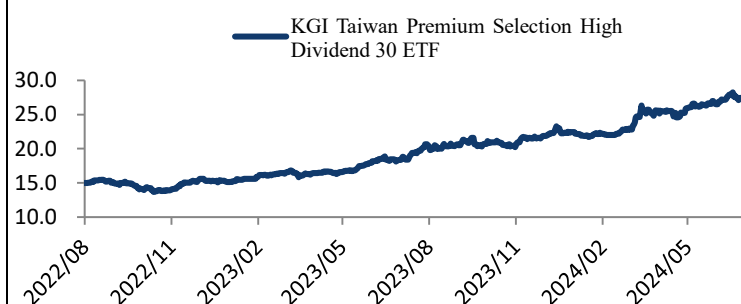
V. Facts about use of the Fund

1. Composition of net assets:

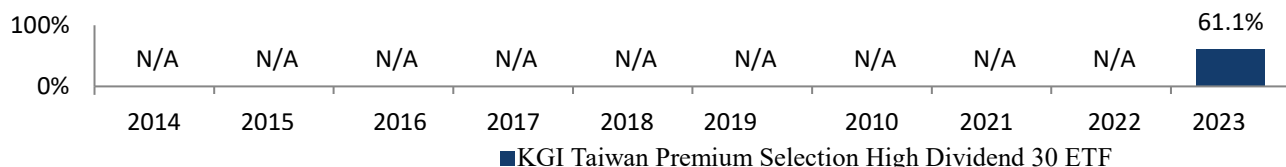
Data as of June 30, 2024

| Asset | Invested amount (TWD m) | As % of the Fund's NAV (%) |
|--------------------------------|-------------------------|----------------------------|
| Stocks | 17,331 | 99.19 |
| Bank deposits | 583 | 3.34 |
| Other asset net of liabilities | -441 | -2.53 |
| Net asset value (NAV) | 17,473 | 100 |

2. Net asset value during the most recent ten years:



3. Returns during the most recent ten years:



Note 1: Annual returns: cumulative returns (including the distributed gains) of the net assets on the basis of the full calendar year (from January through December)

Note 2: Distributed incomes assumed to be reinvested

4. Cumulative returns:

data as of June 30, 2024

| Fund's name | 3 months | 6 months | 1 year | 3 years | 5 years | 10 years | Since inception |
|---|----------|----------|--------|---------|---------|----------|-----------------|
| KGI Taiwan Premium Selection High Dividend 30 ETF | 9.71% | 28.64% | 65.90% | - | - | - | 109.34% |
| Performance of Benchmark Index (TWD) | 9.72% | 28.70% | 65.90% | - | - | - | - |

Note 1: Cumulative returns: cumulative returns (including the distributed gains) of the net assets on the basis of the most recent three months, most recent six months, most recent one year, most recent three years, most recent five years, most recent ten years and as of the data date since the founding date of the Fund

Note 2: Performance of the benchmark index: including dividends

Note 3: Distributed incomes assumed to be reinvested

5. Distribution of gains per beneficiary unit over the most recent ten years:

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------|------|------|------|------|------|------|------|------|--------|
| Amount distributed (TWD per beneficiary unit) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1.6900 |

6. Annual expense ratio (%) of the fund during the most recent five years:

| Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|------|------|------|------|------|
| Expense ratio (%) | N/A | N/A | N/A | 0.55 | 1.22 |

Note: Expense ratio refers to the expenses borne pursuant to the Securities Investment Trust Deed (such as direct trading costs, e.g. service fees, transaction taxes; expenses associated with accounting, e.g. management fees, custodian fees, guarantee fees and other expenses) as a percentage of the average net asset value of the fund.

VI. Items of the expenses payable by the beneficiaries, and methods of calculation thereof

| Item | | Calculation method or amount |
|---|--|---|
| Management fee | | (1) 0.30% per annum when the Fund's net asset value is TWD5 billion(inclusive) or lower; (2) 0.25% per annum when the Fund's net asset value is over TWD5 billion. |
| Custodian fee | | 0.035% per annum based on the Fund's net asset value. |
| Index licensing fee | | (1) One-off index creation fee of TWD250,000 payable upon the effective date of the index licensing contract. (2) From the fund's listing date, the following total amount is payable as licensing fees at the end of each calendar quarter. For periods less than a full calendar quarter, the fee will be calculated pro rata based on the actual number of days: (A) 0.00875% of the daily average net assets for that calendar quarter; and (B) a service management fee of TWD25,000 per calendar quarter; (C) index licensing fee of TWD75,000 per calendar quarter. (3) The index provider reserves the right to increase the aforementioned service management fee and index licensing fee by written notice to Management Company. However, the annual increase is limited to 20% of the previous year's level. Management Company may terminate the index licensing agreement within 30 days of receiving such written notice. For the response procedures and impact of changes in the index licensing fee, please refer to pages 59-60 of the Fund's prospectus for details. |
| Listing fee and annual fee | | The listing review fee is TWD100,000. The annual listing fee is 0.03% of the asset size, up to TWD300,000. The most updated rules from Taiwan Stock Exchange shall apply to relevant fees. |
| Expenses due to securities lending | | The Fund may lend marketable securities. The relevant expenses to be borne shall be based on the securities loan contract signed by both parties. |
| Short-term borrowing fee | | Borrowing interest and other expenses (including but not limited to setup fees or service charges) under the signed loan contract. |
| Expenses for beneficiaries' meeting ^(Note 1) | | Expected to be no more than TWD1 million per meeting. |
| Other expenses ^(Note 2) | | Based on actual expenses. |
| Subscription and redemption fees in the primary market | Subscription service charge (Before establishment date) | No more than 2% of the issuance price. |
| | Subscription service charge (Starting from listing date) | No more than 2% of the Fund's net asset value per beneficiary unit. Currently, the subscription service charge is TWD5,000 per subscription base unit ^(Note 3) (including the processing fee charged by Taiwan Depository & Clearing Corporation and excluding the service fee charged by participating securities firms). |
| | Subscription transaction fee | Actual subscription consideration × subscription transaction fee rate: Currently, the Fund's subscription transaction fee rate is 0.1%. The abovementioned subscription transaction fee rate may be adjusted according to the condition of the securities market and the holdings of the investment portfolio. The rate is capped at 2%. The rules specified in the latest prospectus shall apply. |
| | Redemption service charge | No more than 2% of the Fund's net asset value per beneficiary unit. Currently, the redemption service charge is TWD5,000 per subscription base unit ^(Note 3) (including the processing fee charged by Taiwan Depository & Clearing Corporation and excluding the service fee charged by participating securities firms). |
| | Redemption transaction fee | Redemption transaction fee = Redemption proceeds × redemption transaction fee rate: Currently, the Fund's redemption fee rate is 0.4%. The abovementioned redemption transaction fee rate may be adjusted according to the condition of the securities market. The rate is capped at 2%. The rules specified in the latest prospectus shall apply. |
| | Redemption fee | None |
| | Redemption request processing fee | None |
| | Redemption fee for short-term trading | None |
| Administrative fees | | Administrative fees shall be charged to subscribers if a subscription has failed or to a redeemer if a redemption has failed. |

Note 1: Beneficiaries' meetings are not convened annually so the expenses may not incur each year.

Note 2: Including direct costs such as commissions for acquisition or disposal of the Fund's assets, securities trading fees, auditing and review fees for financial reports; all taxes payable by the Fund; liquidation expenses and litigation or non-litigation fees.

Note 3: The Fund's base unit for subscription/redemption is 500,000 beneficiary units.

VII. Items of taxes payable by the beneficiaries and calculation thereof

Where the Fund is invested in domestic capital market, all taxation shall be duly handled in accordance with the laws and ordinances concerned of the Ministry of Finance. All taxes the beneficiaries are likely to pay might primarily include various trading tax and income tax on the merchandise in which the Fund is invested. Besides, in the event that the Fund is invested in overseas capital markets, all sorts of incomes so earned shall be taxable based on the laws and ordinances concerned prevalent in the respective countries or regions and all such taxes may be non-returnable. For all details please refer to the Prospectus, page 60-61.

VIII. Public announcement of the net asset values of the Fund, the time and method of public announcement

1. **Time for public announcement:** The net asset value of each beneficiary unit of the Fund in the preceding day shall be promulgated on every business day.
2. **Method of public announcement:**
 - (1) Through the website of the Management Company, i.e., KGI Securities Investment Trust Co. Ltd. (<https://www.KGIfund.com.tw>)
 - (2) Through the website of the Securities Investment Trust & Consulting Association of the R.O.C. (<https://www.sitca.org.tw>).

IX. Acquirement for Prospectus

1. The Prospectus of the Fund is readily available at the business operation premises of the Management Company, Fund sales entities where investors are welcome to pick up as required.
2. An investor may, as well, obtain the Prospectus and the financial statements of recent year(s) in E-files through the Management Company (<https://www.KGIfund.com.tw>) and Market Observation Post System (MOPS) (<https://mops.twse.com.tw>).

Other information

KGI SITE Customer Service Hotline: (02)2181-5678

1. The Fund has been approved by the Financial Supervisory Commission. However, this does not indicate that the Fund is without risks. The past performance of Management Company does not guarantee the minimum investment return of the Fund. While exercising the duty of care of a good administrator, Management Company is not responsible for the Fund's profit or loss, nor does it guarantee a minimum return. Investors should carefully read the Fund's prospectus before subscribing.
2. **From the Fund's establishment date until its listing date (excluding that day), Management Company will not accept subscriptions or redemptions of the Fund's beneficiary units. The listing and trading of the Fund's beneficiary certificates should be conducted in accordance with the relevant regulations governing the securities trading market.**
3. **Index Disclaimer:** TIP Customized Taiwan Multi-Factor High Dividend 30 Index is jointly developed by Taiwan Index Plus Corporation (TIP) and Taipei Exchange (collectively referred to as "Cooperating Organizations") and is solely licensed to KGI SITE for use in issuing the "Fund". Cooperating Organizations do not in any way sponsor, endorse, sell, or promote the "Fund", nor do they explicitly or implicitly provide any guarantee or representation regarding the results of using the index and/or the data of the index at any specific date, time, or other times. The index is calculated by Taiwan Index Plus Corporation (TIP). However, Cooperating Organizations are not liable to anyone for any errors, inaccuracies, omissions, or interruptions in the transmission of index data, and have no obligation to notify anyone of such errors, inaccuracies, or omissions.
4. **The investment in the Fund is not protected by mechanisms such as deposit insurance, Taiwan Insurance Guaranty Fund or other protection mechanisms. Investors must assume their own profits or losses. The maximum potential loss from investing in the Fund is the entire principal.**