

Speech by FS at Silver Jubilee Celebration Ceremony for Tracker Fund of Hong Kong (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Silver Jubilee Celebration Ceremony for the Tracker Fund of Hong Kong today (November 12):

Diana (Executive Director and Chief Executive of Hang Seng Bank, Ms Diana Cesar), George (Chairman of the Supervisory Committee of Tracker Fund, Mr George Hongchoy), Rosita (Director and Chief Executive Officer of Hang Seng Investment Management Limited, Ms Rosita Lee), distinguished guests, ladies and gentlemen,

Good afternoon. It is a pleasure to be here with you all today to celebrate the 25th anniversary of the Tracker Fund of Hong Kong.

The Tracker Fund's significance extends well beyond its market size and liquidity. It carries a unique historical weight for the Hong Kong financial industry. The creation of the Fund was for the orderly and non-disruptive disposal of a substantial portfolio of shares acquired by the Government in a decisive market operation in 1998, amid the Asian Financial Crisis, to uphold market stability and integrity. This pioneering approach of creating an exchange-traded fund as a disposal vehicle not only served as an innovative and successful exit strategy for the Government, but also marked a significant milestone in our financial market development. It has encouraged long-term investment via unit trusts, enhanced public's understanding of ETFs and fostered greater public participation. It laid the foundation for the thriving ETF sector we see today.

Initially launched as the largest IPO in Asia, excluding Japan, with a size of over \$33 billion dollar, the Tracker Fund has over the years grown some five-fold in size to over \$150 billion in market capitalisation, becoming Hong Kong's largest ETF. Over the past 25 years, along with Hong Kong and our capital market, the Tracker Fund has demonstrated incredible resilience in navigating multiple challenges. It has earned the trust of local, Mainland and international investors seeking exposure to Hang Seng Index constituent stocks. It offers investors a simple way to invest in a diversified portfolio of Hong Kong stocks, mitigating the risk of excessive concentration in a very cost-effective manner.

Over time, Hong Kong has gradually established itself as a leading ETF hub, offering a diverse array of products and attracting a wide range of issuers. And thanks to the staunch support of the Central Authorities, we

have seen substantial growth in our ETF market since its inclusion in the Southbound Stock Connect in 2022. In the first three quarters of this year, the average daily turnover of ETFs reached some HK\$13 billion, representing a 30 per cent increase compared to that of 2022.

As a premier international fundraising centre, we have been striving to expand our markets and strengthen our international networks to attract more global capital.

And I'm glad that the Tracker Fund has been part of this remarkable endeavour. Through the concerted efforts of the Government, regulators, and the Hang Seng Investment, the global footprint of the Tracker Fund is broadening. That includes the earlier listing of two depositary receipts of the Tracker Fund on the Thai Stock Exchange, and of course, more recently, the successful listing of the SAB Invest Hang Seng Hong Kong ETF on the Saudi Tadawul. This new ETF investing in the Tracker Fund provides Saudi investors an opportunity to invest in a diversified portfolio of Hong Kong equities. As the Tracker Fund itself is an eligible ETF in the Southbound Stock Connect, it means that the new ETF will also enjoy the liquidity from the investments from the Mainland.

Ladies and gentlemen, reflecting on the development history of the Tracker Fund, I am confident that as we continue to innovate and build better connectivity with both the Mainland and international markets, our ETF market will continue to grow and thrive. Hong Kong will continue to attract global and Mainland capital to reinforce our status as international financial centre.

Congratulations once again on the 25th anniversary of the Tracker Fund, and I wish you all the best of health and business in the years to come. Thank you very much.



