

HSBC MSCI Emerging Markets UCITS ETF

Fund Overview

February 2020

For Professional Clients only



The strategy at a glance

The HSBC MSCI Emerging Markets UCITS ETF aims to replicate the performance of the MSCI Emerging Markets Index, while focusing on minimising the tracking difference between the fund and the index. This is done through an easy and cost-efficient approach harnessing HSBC's expertise in passive investing.

About the Index

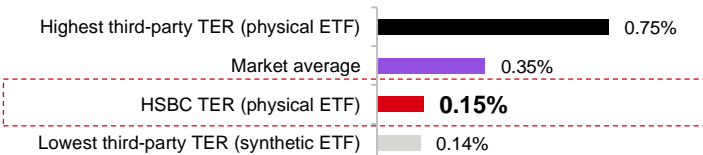
The MSCI Emerging Markets Index provides direct access to emerging market regions around the world, responsible for delivering the majority of global economic growth.

Dividend Yield	2.72%
No. of constituents	1,402

Source: MSCI, as at 31 January 2020.

Cost efficiency in practice

- ◆ We recognise that the cost of investing and its impact on returns is in focus now more than ever when selecting an ETF
- ◆ Our aim is to offer investors cost-efficient access to a physically optimised solution that tracks the MSCI Emerging Markets Index
- ◆ As of January 2020, the TER of the HSBC MSCI Emerging Markets UCITS ETF was reduced from 0.40% to 0.15%



Source: Bloomberg and HSBC Global Asset Management, as at January 2020. Market average and TER comparisons have been computed by looking at the TER of the main Europe-domiciled ETFs tracking the same benchmark.

The strength of our ETFs



Competitive pricing

Our physically optimised ETF offers a cost efficient access to emerging markets (TER of 0.15%)



Dedicated teams

Our approach leverages our global equity dealing team, ensuring on-the-ground expertise and insights



Long track record

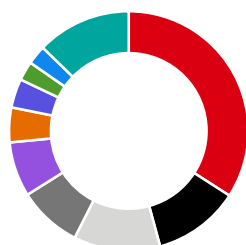
30+ years experience in managing passive portfolios, with a strong record of close tracking and minimising costs



Proprietary resources

Robust in-house systems, including proprietary portfolio modelling and risk analytics, designed to support efficient investment processes

Top 10 geographical allocations of the Fund



- China (34.11%)
- Korea (11.69%)
- Taiwan (11.69%)
- India (8.60%)
- Brazil (7.41%)
- South Africa (4.70%)
- Russia (3.91%)
- Saudi Arabia (2.59%)
- Thailand (2.54%)
- Others (12.76%)

Source: HSBC Global Asset Management, as at 31 December 2019.

Fund details

OCF (TER)	0.15% (as of 07 January 2020)
Registration	AT, CH, DE, DK, ES, FI, FR, IE, IT, LU, NL, PT, SW, UK
Benchmark	MSCI Emerging Net Total Returns USD Index (NDUEEGF)
ISIN	IE00B5SSQT16 DE000A1JXC94
Base currency	USD
Fund domicile	Ireland
Fund manager	HSBC Global Asset Management (UK) Ltd
AUM	USD 177,038,370
Number of holdings	1,063
Inception date	05 September 2011
Replication methodology	Physical optimisation
Dividend treatment	Distribution
Dividend frequency	Quarterly

Source: HSBC Global Asset Management, as at 31 January 2020.

Key Risks

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally invested.

- ◆ **Counterparty Risk** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations.
- ◆ **Derivatives Risk** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset.
- ◆ **Emerging Markets Risk** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks.
- ◆ **Exchange Rate Risk** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly.
- ◆ **Index Tracking Risk** To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time ("tracking error").
- ◆ **Investment Leverage Risk** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source.
- ◆ **Liquidity Risk** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors.
- ◆ **Operational Risk** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things.

Important information

For Professional Clients only and should not be distributed to or relied upon by Retail Clients.

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The value of investments and any income from them can go down as well as up and investors may not get back the amount originally invested. Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns. This sub-fund invests predominantly in one geographic area; therefore any decline in the economy of this area may affect the prices and value of the underlying assets. Markets in some countries are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

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XB-1241 EXP:31/12/2020