

# HSBC USA Sustainable Equity UCITS ETF

## ETF overview

April 2022



### The ETF at a glance

Designed to offer a cost-efficient investment solution to American equities, the HSBC USA Sustainable Equity UCITS ETF takes a step beyond traditional sustainable ETFs by tracking the customised FTSE USA ESG Low Carbon Emissions Select Index, an index that integrates ESG (environmental, social and governance), carbon emissions and fossil fuel reserves considerations. The ETF focuses on both closely tracking and harnessing our experience in passive investing combined with our SRI<sup>1</sup> expertise.

### Why choose this ETF?

- 1 Innovative 3-tilt approach**  
The index follows an innovative 3-tilt approach, allowing investors to access companies that are transitioning towards a lower carbon economy
- 2 Robust customised index:**  
The index is based on a quantitative-driven ESG scoring methodology
- 3 Carbon emissions and fossil fuels reserves considerations:**  
The index has additional angles to reduce emissions in a positive and inclusive manner
- 4 Stewardship on investor's assets:**  
Leading active stewardship role with issuers through voting and engagement policies

### Why HSBC?

- ◆ The World's **Best Bank** for Sustainable Finance<sup>2</sup>
- ◆ Early signatory of the **Montreal Carbon Pledge** in 2015
- ◆ Early global signatory of the **PRI**<sup>3</sup> and highest **A+ assessment** score in almost all areas<sup>4</sup>
- ◆ Founding Signatory and Global Steering Committee Member of **Climate Action 100+**
- ◆ As a support of the **TCFD**<sup>5</sup>, we work with portfolio companies to improve their climate-related disclosures
- ◆ Member of Cambridge Institute for **Sustainability Leadership's** Investment Leaders Group (ILG)
- ◆ Specialised **ETF Sales and Capital Markets** teams as well as dedicated SRI and engagement specialists
- ◆ 30+ years experience in managing passive portfolios, with a **strong record of close tracking** and minimising costs

Notes:

1. Socially Responsible Investment
2. Source: Euromoney 2020 "World's Best Bank for Sustainable Finance"
3. Principles for Responsible Investment
4. Source: <https://www.unpri.org/signatories/hsbc-global-asset-management/1306.article>
5. Task Force on Climate-related Financial Disclosures

## Index methodology

HSBC Global Asset Management (UK), Ltd. collaborated with FTSE Russell to design an innovative index that achieves an ESG score uplift, carbon emissions reduction and fossil fuel reserves reduction relative to the parent index through a clear and robust methodology.

- ◆ The ESG ratings and data model, sourced by FTSE Russell, allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions



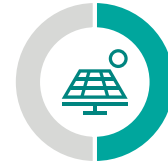
The index targets a **20%** improvement on ESG

- ◆ The indices include carbon intensity as an independent tilt to ensure the impact of CO<sub>2</sub> emissions is explicitly captured in addition to the ESG rating



The index targets a **50%** reduction on carbon intensity

- ◆ Due to the evolution of the energy industry, we chose an index that tilts towards stocks with lower reserves intensity, including alternative energy companies



The index targets a **50%** reduction on fossil fuels reserves intensity

**Pre-tilt** exclusions *applied on annual basis* (weapons, tobacco, thermal coal, nuclear energy, UN Global Compact principles, gambling and adult entertainment)



- ◆ **ESG score tilt**
- ◆ **Carbon emissions tilt**
- ◆ **Fossil fuel reserves tilt**



**Post-tilt** exclusions *applied on a quarterly basis* (UN Global Compact principles)



## ETF details



- **TER** ..... 0.12%
- **Registration** ..... AT, CH, DE, DK, ES, FI, FR, IE, IT, LU, NL, PT, SE, SG, UK, MX
- **Bloomberg tickers** ..... BIVA: HSUDN MM (MXN)
- **ISIN** ..... IE00BKY40J65
- **Benchmark** ..... FTSE USA ESG Low Carbon Select Net Tax Index (ELCUSAN)
- **Base currency** ..... USD
- **Inception date** ..... 04 June 2020
- **Replication method** ..... Physical replication
- **Dividend treatment** ..... Accumulating
- **Fund domicile** ..... Ireland
- **Fund management** ..... HSBC Global Asset Management (UK) Ltd

INDEXED TO



Source: HSBC Global Asset Management (UK). The TER (Total Expense Ratio) shown may differ from the TER in the fund's legal documents, which indicates the maximum fee that may be charged.

## 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.
- ◆ **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

This document was prepared by HSBC Global Asset Management (UK) Limited, a company incorporated, regulated and supervised in the United Kingdom. The ETFs referred to in this document are governed by laws other than Mexico, which may affect the rights that investors have with respect to the funds.

The material contained herein is for information only and does not constitute legal, tax or investment advice or a recommendation to any reader of this material to buy or sell investments. You must not, therefore, rely on the content of this document when making any investment decisions. This document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe to any investment.

Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Global Asset Management (UK) Limited accepts no liability for any failure to meet such forecast, projection or target.

HSBC USA Sustainable Equity UCITS ETF is a sub-fund of HSBC ETFs plc ("the Company"), an investment company with variable capital and segregated liability between sub-funds, incorporated in Ireland as a public limited company, and is authorised by the Central Bank of Ireland. The company is constituted as an umbrella fund, with segregated liability between sub-funds. Shares purchased on the secondary market cannot usually be sold directly back to the Company. Investors must buy and sell shares on the secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value per share when buying shares and may receive less than the current Net Asset Value per Share when selling them. The shares in HSBC ETFs plc have not been and will not be offered for sale or sold in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to United States Persons. Affiliated companies of HSBC Global Asset Management (UK) Limited may make markets in HSBC ETFs plc. All applications are made on the basis of the current HSBC ETFs plc Prospectus, relevant Key Investor Information Document ("KIID"), Supplementary Information Document (SID) and Fund supplement, and most recent annual and semi-annual reports, which can be obtained upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London, E14 5HQ. UK, or from a stockbroker or financial adviser. The indicative intra-day net asset value of the sub-fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including [www.reuters.com](http://www.reuters.com). Investors and potential investors should read and note the risk warnings in the prospectus, relevant KIID and Fund supplement (where available) and additionally, in the case of retail clients, the information contained in the supporting SID.

All rights in the FTSE USA ESG Low Carbon Select Net Tax Index (the "Index") vest in FTSE International Limited ("FTSE"). "FTSE Russell®" is a trading name of FTSE and is a trademark of London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group") and is used by FTSE under licence. The HSBC USA Sustainable Equity UCITS ETF (the "Product") has been developed solely by HSBC Global Asset Management (UK) Limited. The Index is calculated by FTSE or its agent. FTSE and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Product and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Indices or (b) investment in or operation of the Product. FTSE makes no claim, prediction, warranty or representation either as to the results to be obtained from the Product or the suitability of the Index for the purpose to which they are being put by HSBC Global Asset Management (UK) Limited.

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.

To help improve our service and in the interests of security we may record and/or monitor your communication with us. HSBC Global Asset Management (UK) Limited provides information to Institutions, Professional Advisers and their clients on the investment products and services of the HSBC Group.

[www.assetmanagement.hsbc.com/uk](http://www.assetmanagement.hsbc.com/uk)

Copyright © HSBC Global Asset Management (UK) Limited 2022. All rights reserved.

XB-1384 EXP: 31/12/2022