

HSBC MSCI China UCITS ETF

ETF Overview

January 2021



The strategy at a glance

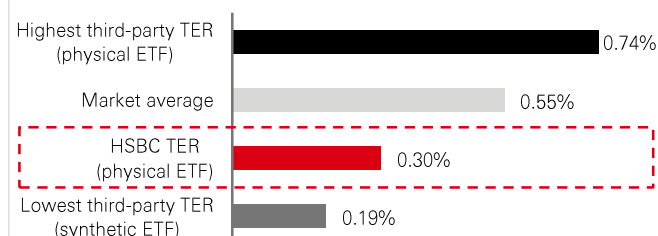
- ◆ China is too significant as a market to be ignored by global investors, as it accounts for one-fifth of global economic growth
- ◆ The ETF offers easy and quick access to large and mid cap companies across China (mainland and offshore)
- ◆ This is an excellent building block for investors portfolios, that can be added to existing allocations – avoiding the need to reallocate

ETF snapshot

- ◆ The fund's objective is to replicate the performance of the MSCI China Index, while aiming to minimise the tracking difference between the fund and the index
- ◆ This is achieved through our consistent implementation approach focused on both risk and costs, and leveraging our experience and proprietary technology

Cost efficiency in practice

- ◆ Our aim is to offer investors cost-efficient access to a physically optimised solution that tracks the MSCI China Index
- ◆ We recognise that the cost of investing and its impact on returns is in focus now more than ever. The HSBC MSCI China UCITS ETF has one of the lowest TERs in the market for ETFs that offer exposure to Chinese equities¹



Why consider HSBC MSCI China UCITS ETF



Our expertise in China: as the leading foreign bank in China, our large footprint and expertise has been built upon a long heritage on investing in Chinese equities. Today, we leverage our on-the-ground insights to deliver cost-efficient and transparent investments across Chinese securities



Competitive pricing: our physically replicated ETF offers a cost efficient access to China equities markets (TER of 0.30%)



Dedicated teams: our approach leverages our specialised ETF Sales and ETF Capital Markets teams



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



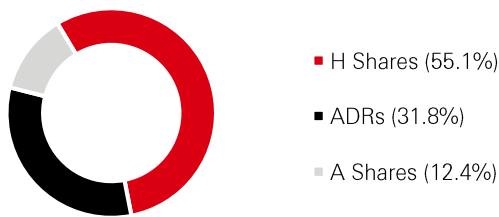
Proprietary resources: robust in-house systems, including proprietary portfolio modelling and risk analytics, designed to support efficient investment processes

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

Any performance information shown refers to the past and should not be seen as an indication of future returns.

Chinese economy GDP is **USD 24.2 trillion¹**
Estimates put Chinese **economic growth at 8.2% in 2021²**

MSCI China Index³



- 1. Source: Gross domestic product, PPP. World Economic Outlook, IMF, as at October 2020.
- 2. Source: World Economic Outlook, IMF, as at October 2020.
- 3. Source: Bloomberg, as at 30 November 2020.

ETF details

Benchmark	MSCI China Index Net Total Return (NDEUCHF)
TER	0.30%
Registration	BE, CH, DE, DK, ES, FI, FR, IE, IT, LU, NL, PT, SE, SG, UK
Bloomberg ticker	HMCDN MM (MXN)
ISIN	IE00B44T3H88
Inception date	26 January 2011
Base currency	USD
Fund domicile	Ireland
Fund manager	HSBC Global Asset Management (UK) Ltd
AUM	USD 651 million
Replication method	Physical replication
Dividend treatment/frequency	Distribution/Semi-annual

Source: HSBC Global Asset Management UK (Ltd.), January 2021. AUM figure as at 29 December 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

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.

The HSBC MSCI China 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. 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.

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based. The Supplement to the Prospectus contains a more detailed description of the limited relationship MSCI has with HSBC ETFs plc and any related funds.

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.

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

Copyright © HSBC Global Asset Management (UK) Limited 2021. All rights reserved.
XB-1072 EXP: 30/06/2021