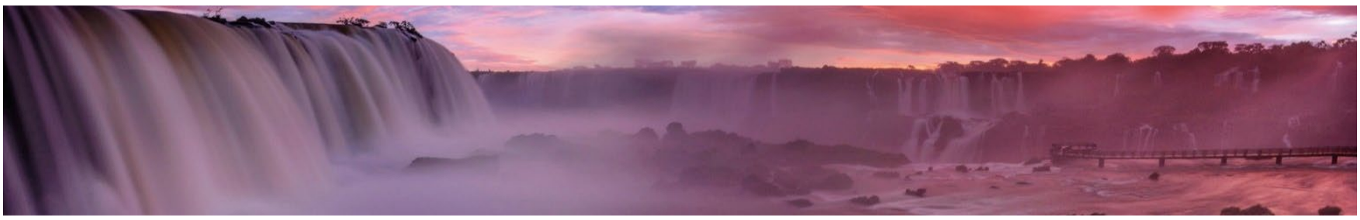
HSBC Emerging Market Sustainable Equity UCITS ETF

Fund Overview

January 2021



The fund at a glance

Designed to offer a cost-efficient investment solution to emerging markets equities, the HSBC Emerging Market Sustainable Equity UCITS ETF takes a step beyond traditional sustainable ETFs by tracking the customised FTSE Emerging 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[1] 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[2]
- Early signatory of the **Montreal Carbon Pledge** in 2015
- Early global signatory of the **PRI[3]** and highest **A+ assessment** score in all modules[4]
- Founding Signatory and Global Steering Committee Member of **Climate Action 100+**
- As a support of the **TCFD[5]**, 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 2019 "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

The Asset Management AWARDS 2020 WINNER PASSIVE MANAGER OF THE YEAR

Past performance is no guarantee of future returns. Future returns will depend inter alia on market developments, the fund manager's skill, the fund's level risk and management costs and if applicable subscription and redemption costs. The return, the value of money invested in the fund may become negative as a result of price losses and currency fluctuations. There is no guarantee that all of your invested capital can be redeemed. Unless stated otherwise, inflation is not taken into account.

Key risks: Counterparty, Derivatives, Exchange Rate, Index Tracking, Investment Leverage, Liquidity, Operational
Source: HSBC Global Asset Management. For illustrative purposes only. Representative overview of the investment process, which may differ by product, client mandate or market conditions. The views expressed above were held at the time of preparation and are subject to change without notice.

Index methodology

We 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.

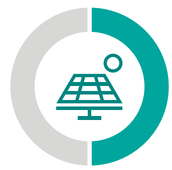
- The ESG ratings and data model, sourced by FTSE Russell, allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions

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

- The indices include carbon intensity as an independent tilt to ensure the impact of CO_2 emissions is explicitly captured in addition to the ESG rating

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

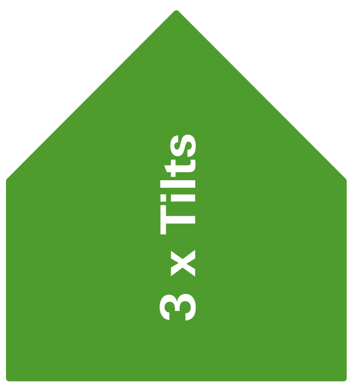
- Due to the evolution of the energy industry, we chose an index that tilts towards stocks with lower reserves intensity, including alternative energy companies



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)

Fund details

TER	0.18%
Registration	BE, CH, DE, DK, ES, FI, FR, IE, IT, LU, NL, PT, SE, SG, UK
Bloomberg tickers	LSE: HSEM LN (USD) | HSEF LN (GBP) Euronext: HSEM FP (EUR) SIX: HSEM SW (USD) BI: HSEM IM (EUR) Xetra: H4Z1 GY (EUR) BIVA: HSEMN MM (MXN)
ISIN	IE00BKY59G90
Benchmark	FTSE Emerging ESG Low Carbon Select Net Tax Index (ELCAWEN)
Base currency	USD
Inception date	27 August 2020
Replication method	Physical replication
Dividend treatment	Accumulating
Fund domicile	Ireland
Fund management	HSBC Global Asset Management (UK) Ltd

INDEXED TO

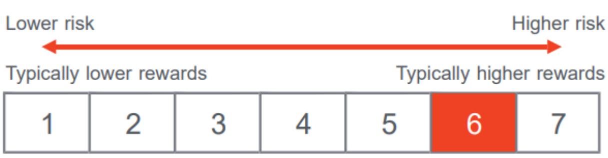
FTSE Russell

Source: HSBC Global Asset Management, as at December 2020. 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. Representative overview of the investment process, which may differ by product, client mandate or market conditions. For illustrative purposes only. Characteristics and weightings are for information only, are not guaranteed and are subject to change over time, and without prior notice, taking into account any changes in markets.

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.



The risk and reward indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean a risk-free investment.

The rating is based on price volatility over the last five years, and is an indicator of absolute risk. Historical data may not be a reliable indication for the future.The value of an investment, and any income from it, may fall as well as rise, and you may not get back the amount you originally invested.The rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment.

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