

HSBC Europe Sustainable Equity UCITS ETF

Fund Overview

January 2021



The fund at a glance

Designed to offer a cost-efficient investment solution to European developed market equities, the HSBC Europe Sustainable Equity UCITS ETF takes a step beyond traditional sustainable ETFs by tracking the customised FTSE Developed Europe 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 SRI¹ 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 Finance²
- ◆ Early signatory of the **Montreal Carbon Pledge** in 2015
- ◆ Early global signatory of the **PRI³** and highest **A+ assessment** score in all modules⁴
- ◆ Founding Signatory and Global Steering Committee Member of **Climate Action 100+**
- ◆ As a support of the **TCFD⁵**, 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

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



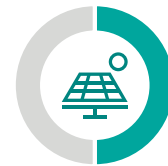
The index targets a **20%** improvement on ESG

- ◆ The indices include carbon intensity as an independent tilt to ensure the impact of CO₂ 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** 0.15%
- **Registration** BE, CH, DE, DK, ES, FI, FR, IE, IT, LU, NL, PT, SE, SG, UK
- **Bloomberg tickers** LSE: HSEU LN (EUR) | HSEP LN (GBP)
Euronext: HSEU FP (EUR)
SIX: HSEU SW (EUR)
Borsa Italiana: HSEU IM (EUR)
Xetra: H413 GY (EUR)
BIVA: HSEUN MM (MXN)
- **ISIN** IE00BKY55W78
- **Benchmark** FTSE Developed Europe ESG Low Carbon Select Net Tax Index (ELCWDEN)
- **Base currency** EUR
- **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, 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.
- ◆ **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.

Important information

This document is distributed by HSBC Global Asset Management and is only intended for professional investors as defined by MIFID. The information contained herein is subject to change without notice. All non-authorised reproduction or use of the commentary and analysis will be the responsibility of the user and will be likely to lead to legal proceedings. This email and the documents provided have no contractual value and are not by any means intended as a solicitation, nor an investment advice for the purchase or sale of any financial instrument. The commentary and analysis presented in these materials reflect the opinion of HSBC Global Asset Management on the markets, according to the information available to date. They do not constitute any kind of commitment from HSBC Global Asset Management. Consequently, HSBC Global Asset Management will not be held responsible for any investment or disinvestment decision taken on the basis of the commentary and/or analysis in these documents. All data from HSBC Global Asset Management (France) unless otherwise specified. Any third party information has been obtained from sources we believe to be reliable, but which we have not independently verified.

Capital is not guaranteed. Those ETF must be considered as speculative

The HSBC ETFs are sub-funds 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.

For investors in France: All applications are made on the basis of the current HSBC ETFs plc prospectus, the relevant Key Investor Information Document ("KIID"), and supplement, and most recent annual and semi-annual reports, which can be obtained on our website : www.etf.hsbc.com/fr or upon request free of charge from CACEIS BANK , the centralising correspondent in France, 1/3 place Valhubert, 75013 Paris. Investors and potential investors should read and note the risk warnings in the prospectus, relevant key Investor Information Document ("KIID") and fund supplement.

For investors in Netherlands: All applications are made on the basis of the current HSBC ETFs plc prospectus, the relevant Key Investor Information Document ("KIID"), and Fund supplement, and most recent annual and semi-annual reports, which can be obtained on our Internet website : <http://www.assetmanagement.hsbc.com/kiid?lang=en&country=gb> or upon request free of charge from HSBC Global Asset Management (UK) Limited, 8 Canada Square, Canary Wharf, London, E14 5HQ. UK. Investors and potential investors should read and note the risk warnings in the prospectus, relevant key Investor Information Document ("KIID") and fund supplement.

Restrictions: 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. 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.

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.

HSBC Global Asset Management is a group of companies in many countries and territories throughout the world that are engaged in investment advisory and fund management activities, which are ultimately owned by HSBC Holdings Plc. (HSBC Group). HSBC Global Asset Management is the brand name for the asset management business of HSBC Group. The above communication is distributed by the following entities:

- in Sweden, Norway, Finland, Denmark by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Stockholm branch of HSBC Global Asset Management (France), regulated by the Swedish Financial Supervisory Authority (Finansinspektionen);
- in France, Netherlands, Luxembourg, Belgium by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026);
- in Italy, Spain, Portugal by HSBC Global Asset Management (France), a Portfolio Management Company authorised by the French regulatory authority AMF (no. GP99026) and through the Italian and Spanish branches of HSBC Global Asset Management (France), regulated respectively by Banca d'Italia and Commissione Nazionale per le Società e la Borsa (Consob) in Italy, and the Comisión Nacional del Mercado de Valores (CNMV) in Spain;

HSBC Global Asset Management (France) - 421 345 489 RCS Nanterre. Portfolio management company authorised by the French regulatory authority AMF (no. GP99026) with capital of 8.050.320 euros.

Postal address: 38 avenue Kléber 75116 PARIS

Offices: Immeuble Coeur Défense - 110 esplanade du Général de Gaulle - La Défense 4 - 92400 Courbevoie – France

www.assetmanagement.hsbc.com/fr

Non contractual document, updated in January 2021.

Copyright : All rights reserved © HSBC Global Asset Management (France), 2021

AMFR_2021_EXT_FO_0166. Expires: 02/2022