

HSBC MSCI Russia Capped UCITS ETF

The Asset Management AWARDS 2020 WINNER
PASSIVE MANAGER OF THE YEAR

Fund Overview

March 2021



The strategy at a glance

The HSBC MSCI Russia Capped UCITS ETF aims to replicate the performance of the MSCI Russia Capped 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

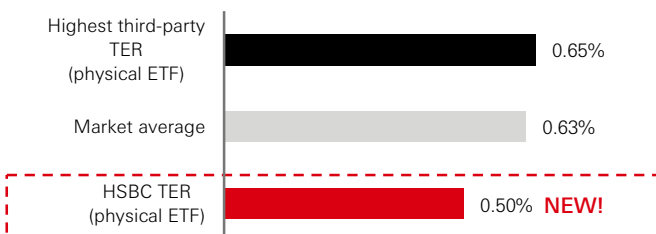
The MSCI Russia Capped provides direct access to large and mid cap Russian companies. The Index is free float-adjusted market capitalisation weighted and capped so that if the weight of any issuer is greater than 30%, its weight will be capped to 30%.

No. of constituents	23
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Source: MSCI, as at end of January 2021.

Cost efficiency in practice

- ◆ As we recognise that the macroeconomic conditions are in place for emerging markets to thrive, in March 2021, we reduced the cost of our HSBC MSCI Russia Capped UCITS ETF to 0.50%
- ◆ Our ETF is the cheapest in the market that offers exposure to Russian equities



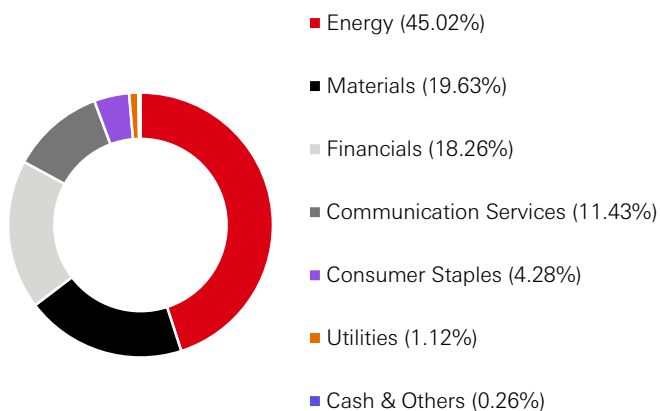
The strength of our ETF

- Competitive pricing:** Our physically replicated ETF offers cost efficient access to Russian equities (TER of 0.50%)
- Dedicated teams:** Our approach leverages our global equity dealing team, ensuring on-the-ground expertise and insights
- Long track record:** Strong track 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 and aim for superior tracking
- Enhanced valuations:** Deconstructed alongside the index each day by price, income and corporate action, ensuring we do not miss out on any entitlement that the fund is due
- Emerging market expertise:** Leverages HSBC's strong on-the-ground presence in key developing markets, offering unparalleled local access and insight

The performance figures displayed in the document relate to the past and past performance should not be seen as an indication of future returns.

Source: Bloomberg and HSBC Global Asset Management, as at March 2021. Market average and TER comparisons have been computed by looking at the TER of the main Europe-domiciled ETFs tracking the same benchmark. The views expressed above were held at the time of preparation and are subject to change without notice. Representative overview of the investment process, which may differ by product, client mandate or market conditions. 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.

Sectoral allocations of the Fund¹



Fund details¹

Benchmark	MSCI Russia Capped Net Index (MSEURC\$N)	
TER²	0.50%	
Registration	AT, CH, DE, ES, FR, IE, IT, LU, NL, PT, SE, SG, UK	
Listings / Ticker	London Stock Exchange	Borsa Italiana
	HRUB LN (GBP)	HRUB IM (EUR)
	HRUD LN (USD)	Xetra
Listings / Ticker	SIX Swiss	H4ZM GY (EUR)
	HRUB SW (USD)	
ISIN	IE00B5LJZQ16	
Holdings	22	
Inception date	05 July 2011	
Base currency	USD	
Fund domicile	Ireland	
Fund manager	HSBC Global Asset Management (UK) Ltd	
AUM	USD 99.66 million	
Replication method	Physical replication	
Dividend treatment/frequency	Distribution/Semi-annual	

1. Source: HSBC Global Asset Management, as at 31 January 2021.

2. As at 1 March 2021.

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. Allocation is as at the date indicated, may not represent current or future allocation and is subject to change without prior notice.

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 rating is not guaranteed to remain unchanged and the categorisation may shift over time. The lowest rating does not mean a risk-free investment. Do not run any unnecessary risk. Read the Key Investor Information Document. The fund invests in instruments of high level of volatility. The value of investments can go up as well as down.

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

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