

HSBC MSCI RUSSIA CAPPED UCITS ETF

Physical replication

March 2020

For UK retail clients

The HSBC MSCI RUSSIA CAPPED UCITS ETF is an open ended UCITS V compliant exchange-traded fund incorporated in Ireland.

Fund objective

The investment objective of the Fund is to replicate the performance of the MSCI Russia Capped Index (the "Index"), while minimising as far as possible the tracking error between the Fund's performance and that of the Index. The Index is a market-capitalisation weighted index designed to measure the performance of the largest publicly listed companies in Russia, as defined by the Index Provider.

Key facts

- Physical replication approach
- Listed on London Stock Exchange, SIX Swiss Exchange and Xetra Deutsche Börse
- Multi currency listing in GBP and USD
- Fund registered in several European countries: UK, France, Germany, Italy, Ireland, Netherlands, Spain, Sweden, Switzerland, Austria

Risk of investing in the fund

Market risk: 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.

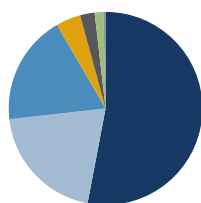
Currency exchange risk: Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate.

Emerging market risk: Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in established markets.

Russian risk: There are significant risks inherent in investing in Russia, which could affect the value of investment. These include a lack of clarity in laws and regulations in the following areas: investor protection, banks and other financial services, the Russian economic system, taxation, transaction settlement and fiduciary duty and responsibilities of company management. Please see the supplement for full information.

Geographic risk: 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. You should read and note the risk warnings in the prospectus, the relevant Key Investor Information Document (KIID) and the details in the Supplementary Information Document (SID).

Sector allocation of the Fund



- Energy (52.98%)
- Materials (20.24%)
- Financials (18.42%)
- Consumer Staples (4.12%)
- Communication Services (2.42%)
- Utilities (1.47%)
- Cash & Others (0.35%)

Source: HSBC Global Asset Management (UK) Limited.
All data as at 31/03/2020

Fund details

| | |
|---|---|
| UCITS V compliant | Yes |
| Fund domicile | Ireland |
| UK reporting fund status (UKRF) | Yes |
| ISA eligible | Yes |
| SIPP eligible | Yes |
| Issuer | HSBC ETFs Plc |
| Fund manager | HSBC Global Asset Management (UK) Ltd |
| Depository | HSBC Institutional Trust Services (Ireland) DAC |
| Fund administrator | HSBC Securities Services (Ireland) DAC |
| Benchmark | MSCI Russia Capped Index |
| Number of holdings | 24 |
| Published daily on etf.hsbc.com website | |
| Replication method | Physical replication |
| Base currency | USD |
| Fund inception date | 05/07/2011 |
| Listing date | 06/07/2011 |
| Fiscal year end | 31 December |
| Ongoing charge figure (OCF)* | 0.60% |
| Entry/Exit/Performance fees | No |
| Net asset value (NAV) per share | \$8.64 |
| Shares outstanding | 11,450,000 |
| Assets under management | \$98,971,837 |
| Dividend treatment | Distribution |
| Dividend frequency | Semi-annual |
| Dividend currency | USD |
| Dividend per share | \$0.5291 |
| Dividend yield** | 9.20% |
| Dividend ex date | 23/01/2020 |

*The ongoing charges figure is based on expenses over a year. The figure excludes transaction costs **Gross trailing 12 month yield.

| | |
|------------|--------------|
| ISIN | IE00B5LJZQ16 |
| SEDOL GBP | B62NTH8 |
| SEDOL USD | B5LJZQ1 |
| Ticker GBP | HRUB |
| Ticker USD | HRUD |

Index Information

| | |
|-----------------------------|--------------------------|
| Index name | MSCI Russia Capped Index |
| Index currency | USD |
| Benchmark type | Total Return (Net) |
| Index rebalancing frequency | Quarterly |
| TR index Bloomberg ticker | MSEURC\$N |
| TR index Reuters RIC | .dMIRU000P6NUS |

About the Index

The MSCI Russia Capped Index is a custom market capitalization weighted index based on the MSCI Russia Index. The Index is constructed and maintained according to the MSCI Global Investable Market Indices methodology.

The MSCI Russia Capped Index is constructed from the MSCI Russia Index and has the same constituents as the MSCI Russia Index.

At construction and at each rebalancing, if the weight of the largest Group Entity in the MSCI Russia Index is greater than 30%, its weight will be capped at 30%. The weight of the remaining Group Entities will be increased in proportion to their weight prior to such capping.

If the resulting weight of any of the remaining Group Entities is greater than 20% of the index, its weight will be capped at 20%, while simultaneously maintaining the weight of the largest Group Entity at 30%. The remaining group entities are weighted according to their free float adjusted market capitalizations applicable to foreign investors as a percentage of the remaining non-capped weight (i.e., original weight multiplied by the ratio of 100% minus the total capped weight over 100% minus the uncapped weight).

Yearly fund performance (%)

| | 31/03/15- 31/03/16 | 31/03/16- 31/03/17 | 31/03/17- 31/03/18 | 31/03/18- 31/03/19 | 31/03/19- 31/03/20 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| HSBC MSCI RUSSIA CAPPED UCITS ETF | 0.78 | 27.01 | 20.30 | 1.60 | -14.59 |
| MSCI Russia Capped Net | 1.69 | 27.59 | 20.81 | 2.00 | -14.39 |

Fund and Index performance (%)

| | 1 month | 3 months | 1 year | 3 years ann. | 5 years ann. | Since inception ann. |
|-----------------------------------|------------|-------------|-----------|-----------------|-----------------|----------------------------|
| HSBC MSCI RUSSIA CAPPED UCITS ETF | -23.33 | -36.60 | -14.59 | 1.45 | 5.97 | -4.23 |
| MSCI Russia Capped Net | -23.31 | -36.54 | -14.39 | 1.80 | 6.48 | -3.69 |
| Tracking difference ¹ | -0.02 | -0.06 | -0.20 | -0.36 | -0.51 | -0.55 |
| Tracking error ² | N/A | N/A | 0.19 | 0.16 | 0.20 | 0.23 |

¹ The difference between the return of the fund after fees and that of the index being replicated. It provides an indication of how well the fund has replicated the index.

² The volatility in the difference of performance between the fund and its index over time. Technically this is the standard deviation of the tracking difference. The optimal tracking error would be close to zero.

Source: HSBC Global Asset Management (UK) Limited. All data as at 31/03/2020

Past performance is not an indicator of future returns.

Performance is shown using the net asset value of the fund, calculated from the closing price of the underlying securities.

Performance is shown after fees including re-invested dividends in the base currency of the fund and does not take into account any currency exposure that may exist against the trading currency of the fund, where this is different.

Further information on HSBC ETFs

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Fund information: 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 HSBC ETFs plc. 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.**

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Further information can be found in the prospectus.

Top 10 holdings of the Fund

| | | | |
|-------------------------|--------|-------------------------|-------|
| Sberbank of Russia PJSC | 16.49% | Novatek PJSC | 6.69% |
| LUKOIL PJSC | 15.98% | Surgutneftegas PJSC | 4.10% |
| Gazprom PJSC | 15.77% | Rosneft Oil Co PJSC | 2.99% |
| MMC Norilsk Nickel PJSC | 10.09% | Mobile TeleSystems PJSC | 2.42% |
| Tatneft PJSC | 6.88% | Polyus PJSC | 2.30% |

Source: HSBC Global Asset Management (UK) Limited.

All data as at 31/03/2020