

HSBC MSCI MEXICO CAPPED UCITS ETF

Physical replication

March 2020

For UK retail clients

The HSBC MSCI MEXICO 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 Mexico 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 Mexico, 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

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.

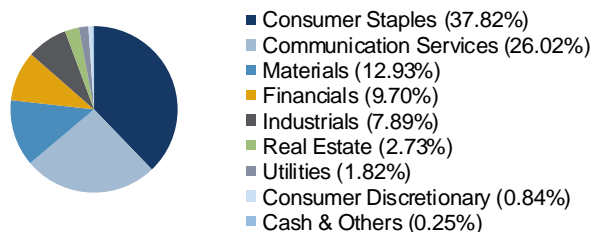
Currency exchange risk: Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate.

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

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



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 (UKRS)	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 Mexico Capped Index
Number of holdings	26
Published daily on etf.hsbc.com website	
Replication method	Physical replication
Base currency	USD
Fund inception date	03/03/2011
Listing date	04/03/2011
Fiscal year end	31 December
Ongoing charge figure (OCF)*	0.60%
Entry/Exit/Performance fees	No
Net asset value (NAV) per share	\$21.63
Shares outstanding	300,000
Assets under management	\$6,488,159
Dividend treatment	Distribution
Dividend frequency	Semi-annual
Dividend currency	USD
Dividend per share	\$0.3610
Dividend yield**	1.96%
Dividend ex date	16/01/2020

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

ISIN	IE00B3QMYK80
SEDOL GBP	B3VQZM4
SEDOL USD	B3QMYK8
Ticker GBP	HIMEX
Ticker USD	HIMED

Index information

Index name	MSCI Mexico Capped Index
Index currency	USD
Benchmark type	Total Return (Net)
Index rebalancing frequency	Quarterly
TR index Bloomberg ticker	MSCITMCUN
TR index Reuters RIC	.dMIMX00006NUS

About the Index

The MSCI Mexico Capped Index ("the Index") is based on the MSCI Mexico Index ("Parent Index"), which offers a representation of the Mexican market by targeting all companies with a market capitalization within the top 85 per cent of the Mexican investable equity universe.

At construction and at each rebalancing (quarterly review), if the weight of the largest Group Entity in the MSCI Mexico Index is greater than 33 per cent, its weight will be capped to 33 per cent. The weight of the remaining Group Entities will be increased accordingly, in proportion to their weight prior to the capping.

If the resulting weight of any of the remaining Group Entities is greater than 18 per cent of the index, its weight will be capped to 18 per cent, while simultaneously maintaining the weight of the largest Group Entity at 33 per cent. 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.

On a daily basis, if the weight of the largest Group Entity in the MSCI Mexico Capped Index increases above 35 per cent, its weight will be capped at 33 per cent. If the weight of the remaining Group Entities increases above 20 per cent, its weight will be capped at 18 per cent.

Any changes in the constituent companies of the Parent Index will also be reflected in the Index.

Top 10 holdings of the Fund

America Movil SAB de CV	22.05%	Cemex SAB de CV	3.48%
Wal-Mart de Mexico SAB de CV	13.62%	Grupo Televisa SAB	3.06%
Fomento Economico Mexicano SAB de CV	12.99%	Fibra Uno Administracion SA de CV	2.73%
Grupo Financiero Banorte SAB de CV	7.86%	Grupo Bimbo SAB de CV	2.60%
Grupo Mexico SAB de CV	7.14%	Kimberly-Clark de Mexico SAB de CV	2.55%

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

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 MEXICO CAPPED UCITS ETF	-5.81	-3.28	0.07	-11.82	-32.23
MSCI Mexico Capped Net	-5.30	-2.84	0.57	-11.43	-31.88

Fund and Index performance (%)

	1 month	3 months	1 year	3 years ann.	5 years ann.	Since inception ann.
HSBC MSCI MEXICO CAPPED UCITS ETF	-29.31	-35.59	-32.23	-15.75	-11.43	-6.41
MSCI Mexico Capped Net	-29.26	-35.46	-31.88	-15.33	-11.00	-5.94
Tracking difference ¹	-0.06	-0.13	-0.36	-0.41	-0.44	-0.48
Tracking error ²	N/A	N/A	0.70	0.41	0.32	0.25

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 Tel: +44 (0) 207 991 3296 E-mail: etf.sales@hsbc.com Website: www.etf.hsbc.com

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Further information can be found in the prospectus.