

# HSBC MSCI Korea Capped UCITS ETF

## Fund Overview

For Professional Clients only  
March 2021



### The strategy at a glance

The HSBC MSCI Korea Capped UCITS ETF aims to replicate the performance of the MSCI Korea 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 Korea Capped provides direct access to large and mid cap companies, representing about 85% of the Korean equity universe, while capping the weight of the largest companies to help ensure index diversification.

Dividend Yield	1.55%
No. of constituents	106

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 Korean Capped UCITS ETF to 0.50%
- ◆ Our ETF is the cheapest physically replicated in the market that offers exposure to Korean equities



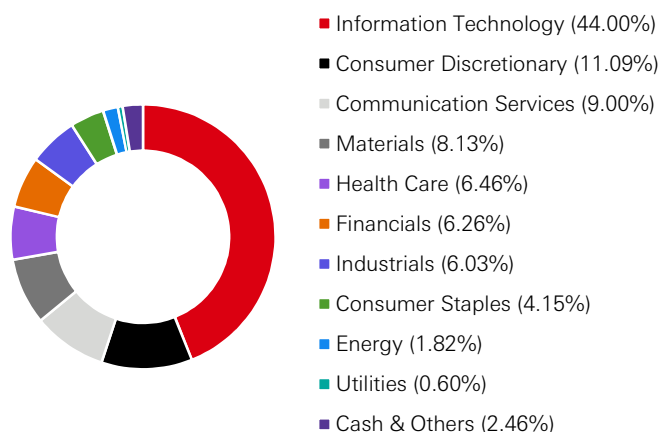
### The strength of our ETF

-  **Competitive pricing:** Our physically replicated ETF offers cost efficient access to Korean 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

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.

**Past performance should not be seen as an indication of future returns.**

## Sectoral allocations of the Fund<sup>1</sup>



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

## Fund details<sup>1</sup>

<b>Benchmark</b>	MSCI Korea Capped Net Index (NU730535)	
<b>TER<sup>2</sup></b>	0.50%	
<b>Registration</b>	CH, DE, ES, FR, IE, IT, LU, NL, PT, SE, SG, UK	
<b>Listings / Ticker</b>	<b>London Stock Exchange</b>	<b>Borsa Italiana</b>
	HKOR LN (GBP) HKOD LN (USD)	HKOR IM (EUR) <b>Xetra</b> H4Z9 GY (EUR)
<b>ISIN</b>	<b>SIX Swiss</b>	HKOR SW (USD)
	IE00B3Z0X395	
<b>Holdings</b>	100	
<b>Inception date</b>	05 April 2011	
<b>Base currency</b>	USD	
<b>Fund domicile</b>	Ireland	
<b>Fund manager</b>	HSBC Global Asset Management (UK) Ltd	
<b>AUM</b>	USD 40.12 million	
<b>Replication method</b>	Physical replication	
<b>Dividend treatment/frequency</b>	Distribution/Semi-annual	

## 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.

- ◆ **Concentration risk:** The Fund may be concentrated in a limited number of securities, economic sectors and/or countries. As a result, it may be more volatile and have a greater risk of loss than more broadly diversified funds
- ◆ **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

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## Important information

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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. Where overseas investments are held the rate of currency exchange may also cause the value of such investments to fluctuate. Investments in emerging markets are by their nature higher risk and potentially more volatile than those inherent in some established markets. Stock market investments should be viewed as a medium to long term investment and should be held for at least five years. Any performance information shown refers to the past and should not be seen as an indication of future returns.

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. Markets in some countries are described as 'emerging markets'. Some of these may involve a higher risk than where investment is within a more established market. These risks include the possibility of failed or delayed settlement, registration and custody of securities and the level of investor protection offered.

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