**This Extract Prospectus is an extract of the prospectus for Switzerland only and does not constitute a prospectus for the purpose of Irish applicable law.**

**Prospective investors should review this Prospectus carefully and in its entirety and should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Prspectus.**

The Company and the Directors whose names appear in the section entitled "**Management and Administration**" accept responsibility for the information contained in this document. To the best of the knowledge and belief of Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Company and the Directors accept responsibility accordingly.

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# HSBC ETFs PLC

**(An umbrella fund, with segregated liability between sub-funds, incorporated as a variable capital investment company in Ireland with registration number 467896 on 27 February 2009)**

# CONSOLIDATED EXTRACT PROSPECTUS FOR SWITZERLAND

## 06 August 2025

**The Company has other sub-funds, which have been approved by the Central Bank of Ireland, but which are not approved for distribution to non-qualified investors in or from Switzerland.**

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This Prospectus describes HSBC ETFs PLC (the "**Company**"), an investment company with variable capital incorporated in Ireland as a public limited company. The Company is constituted as an umbrella fund, with segregated liability between sub-funds, insofar as the share capital of the Company will be divided into different series of Shares with each series of Shares representing a portfolio of assets, which will comprise a separate fund. Shares of any particular series may be divided into different Classes to accommodate different dividend and/or charges and/or fee arrangements and/or currencies including different total expense ratios. The portfolio of assets maintained for each series of Shares and comprising a Fund will be invested in accordance with the investment objectives and policies applicable to such Fund as specified in the relevant Fund Supplement.

The Company is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended). **The authorisation of the Company by the Central Bank shall not constitute a warranty as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company**. **Authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.**

Appendix A lists the current Funds of the Company and the primary stock exchanges on which the Shares of each Fund are listed or in respect of which it is proposed that an application will be made for listing.

**Investors should be aware that investment in the Company carries with it the potential for above average risk and is only suitable for people who are in a position to take such risks. The price of Shares may fall as well as rise, and investors may not get back any of the amount invested. The difference at any one time between the issue and repurchase price of Shares due to applicable sales charges (if any) means that an investment in the Company should be viewed as medium- to long-term. Investment in the Company should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Risk factors for an investor to consider are set out in the section entitled "Risk Factors" below.**

**UK-based investors are advised that they may not be protected by the Financial Services Compensation Scheme (the "FSCS"), which covers business conducted by firms authorised by the Financial Conduct Authority. Further details of the FSCS can be obtained from** https://www.fscs.org.uk/

**Information regarding the environmental and / or social characteristics of Funds which are subject to Article 8 of SFDR or the sustainable investment objective subject to Article 9 of SFDR is available in the relevant Annex for the Fund.**

**This Prospectus does not constitute, and may not be used for, a solicitation of an offer to purchase Shares by any "US Person". The Directors will decline to register a subscription request or transfer of Shares if the offer is made on behalf of**



INTERNAL

**or by a "US Person". Prospective investors should read the section "Transfer of Shares", "Subscriptions by and Transfers to US Persons" for more information. When the Company becomes aware that a Shareholder is (a) US Person or is holding Shares for the account or benefit a US Person, the Directors will direct the Shareholder to dispose of the Shares, Prospective investors should read the section "Mandatory Redemption of Shares" for more information.**

**The PRIIPs KID or, if applicable, the UCITS KIID, the latest annual and any semi-annual reports of the Company are available at the registered office of the Company and will be sent to investors upon request. Such reports shall be deemed to form part of this Prospectus.**

The PRIIPs KID(s)/UCITS KIID(s), as applicable, are available on http://www.etf.hsbc.com. Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the PRIIPs KID or, if applicable, UCITS KIID. Investors may download the PRIIPs KID(s)/UCITS KIIDs(s), as applicable, on the website mentioned above or obtain them in paper form or on any other durable medium agreed between the Company or the intermediary and the investor.

HSBC Holding Plc ("**HSBC**") is regulated by the Federal Reserve in the United States as a Financial Holding Company ("**FHC**") under the Bank Holding Company Act (including the rules and regulations promulgated thereunder) ("**BHCA**"). As an FHC, the activities of HSBC and its affiliates are subject to certain restrictions imposed by the BHCA. Although it does not own a majority of the outstanding shares of the Company (the "**Board**" or the "**Directors**"), given, among other factors, the composition of the Board of Directors of the Company, HSBC may be deemed to "control" the Company within the meaning of the BHCA.

Accordingly, the BHCA may restrict the transactions and relationships between the Management Company, the Investment Manager, the Directors, HSBC and their affiliates, on the one hand, and the Company, on the other hand, and may restrict the investments and transactions by, and the operations of, the Company. For example, the BHCA may, among other things (i) restrict a Fund's ability to make certain investments or the size of certain investments and (ii) impose a maximum holding period on some or all of the investments of a Fund. In addition, the BHCA may require aggregation of the positions owned, held or controlled by related entities for the determination of the control concept.

Therefore, in certain circumstances positions held by HSBC and its affiliates (including the Investment Manager) for client and proprietary accounts may need to be aggregated with positions held by each Fund. In this case, where BHCA imposes a cap on the amount of a position that may be held, HSBC may utilize available capacity to make investments for its proprietary accounts or for the accounts of other clients, which may require a Fund to limit and/or liquidate certain investments, provided that any such liquidation would be executed in compliance with applicable law and in a manner consistent with the best interests of the shareholders of each Fund. Investors should also refer to the Section: "Statutory and General Information: Conflicts of Interest".

These restrictions may materially adversely affect a Fund by, among other things, affecting the Investment Manager's ability to trade in certain securities if such securities are subject to the BHCA trading limitations discussed above or imposing additional restrictions on the Fund. Moreover, there can be no assurance that the bank regulatory requirements applicable to HSBC and the Company as the case may be, will not change, or that any such change will not have a material adverse effect on the investments and/or investment performance of a Fund. Subject to applicable law, HSBC and the Company may in the future, undertake such actions as they deem reasonably necessary (consistent with the best interests of the shareholders of a Fund) in order to reduce or eliminate the impact or applicability of any bank regulatory restrictions on (i) HSBC or (ii) the Company and a Fund.

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## Summary

This summary should be read as an introduction to this Prospectus and any decision to invest in the Shares should be based upon consideration of the Prospectus as a whole.

Appendix A lists the current Funds of the Company and the primary stock exchanges on which the Shares of each Fund are listed or in respect of which it is proposed that an application will be made for listing. Other stock exchanges may be selected by the Directors as they may determine from time to time. Appendix B lists the current Paying Agents appointed by the Management Company on behalf of the Company and to disclose the name, address and jurisdiction of each Paying Agent so appointed. Appendix C lists the current sub-custodians appointed by the Depositary.

**Investors should be aware that investment in the Company carries with it the potential for above average risk and is only suitable for people who are in a position to take such risks. The price of Shares may fall as well as rise, and investors may not get back any of the amount invested. The difference at any one time between the issue and repurchase price of Shares due to applicable sales charges (if any) means that an investment in the Company should be viewed as medium to long-term. Investment in the Company should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors.**

UK-based investors are therefore advised that they may not be protected by the FSCS, which covers business conducted by firms authorised by the Financial Conduct Authority. Further details of the FSCS can be obtained from www.fscs.org.uk

Civil liability will attach to the persons who are responsible for this summary, including any translation thereof, in such member state but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court in a member state of the European Economic Area, the claimant may, under the national legislation of that member state where the claim is brought, be required to bear the costs of translating this document before the legal proceedings are initiated.

### Introduction

The Company is an investment company with variable capital incorporated in Ireland as a public limited company. The Company is constituted as an umbrella fund, with segregated liability between sub-funds, insofar as the share capital of the Company will be divided into different series of Shares with each series of Shares representing a portfolio of assets, which will comprise a separate fund. Shares of any particular series may be divided into different Classes to accommodate different dividend and/or charges and/or fee arrangements and/or currencies including different total expense ratios. The portfolio of assets maintained for each series of Shares and comprising a Fund will be invested in accordance with the investment objectives and policies applicable to such Fund as specified in the relevant Fund Supplement.

### The Company

HSBC ETFs PLC is an open-ended investment company with variable capital which was incorporated in Ireland on 27 February 2009 under registration number 467896 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations on 15 June 2009.

The object of the Company is the collective investment in transferable securities and/or other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations.

The Company has been structured as an umbrella fund with segregated liability between sub-funds, in that the Directors may from time to time, with the prior approval of the Central Bank, issue different series of Shares representing separate portfolios of assets. The assets of each Fund will be invested in accordance with the investment objective and policies applicable to such Fund as disclosed in this Prospectus and the relevant Fund Supplement.



INTERNAL

**Summary of Funds' Investment Objective, Policy and Restrictions**

The Company has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The investment objectives and policies for each Fund will be set out in the relevant Fund Supplement.

The assets of each Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised in "**Investment Restrictions**" below and such additional investment restrictions, if any, as may be adopted by the Directors for any Fund and specified in the relevant Fund Supplement.

Unless otherwise stated in the Fund Supplement, each Fund will seek to replicate the performance of an Index while minimising as far as possible the tracking error between the Fund's performance and that of the Index. Each Fund that seeks to track an index will seek to achieve this objective by holding a portfolio of Index Securities. Any change in the investment objectives and any material change in the investment policies of a Fund will require approval by ordinary resolution of the Shareholders in that Fund.

Changes to the composition and/or weighting of the securities constituting the Index which is tracked by a Fund will ordinarily require that Fund to make corresponding adjustments or rebalancings to its investments in order to seek to track the Index.

The Investment Manager will rely solely on each Index Provider for information as to the composition and/or weighting of the Index Securities within each Index. If the Investment Manager is unable to obtain or process such information in relation to any Index on any Business Day, then the most recently published composition and/or weighting of that Index will be used for the purpose of all adjustments.

Notwithstanding the foregoing provisions, the Directors may establish Funds that will seek to track an Index by investing in financial derivative instruments or by investing in a combination of Index Securities, transferable securities other than Index Securities and financial derivative instruments. The Directors may also establish Funds that will not seek to track an Index. In each case, information in relation to the proposed investment strategy will be set out in the relevant Fund Supplement.

Where set out in the relevant Fund Supplement, a Fund (the "Investing Fund") may invest in the Shares of another Fund (the "Target Fund") provided that the Target Fund does not hold Shares in other Funds in the Company. Where such an investment is made, the Target Fund may not charge subscription, conversion or redemption fees to the Investing Fund. The annual management fee levied on the shares held by the Investing Fund in the Targeted Fund cannot be greater than the annual management fee of the Investing Fund in itself.

**Subscriptions Valuation and Redemption of Shares**

The Directors may issue Shares of any Class in the Company, and create new Classes of Shares in the Company, on such terms as they may from time to time determine. Shares of any particular Fund may be divided into different Classes to accommodate different dividend provisions and/or charges and/or fee arrangements and/or currencies including different total expense ratios. The price at which Shares in any Fund are initially issued will be specified in the relevant Fund Supplement and, thereafter, Shares will be issued at the Net Asset Value per Share.

Shareholders may request the Company to redeem their Shares on any Dealing Day at their Net Asset Value per Share on such Dealing Day in accordance with the redemption procedures set out in this document and the relevant Fund Supplement.

The Net Asset Value of a Fund shall be calculated by ascertaining the value of the assets of the relevant Fund and deducting from such amount the liabilities of the Fund. The Net Asset Value per Share in a Fund shall be calculated by dividing the Net Asset Value of the relevant Fund by the total number of Shares issued in respect of that Fund or deemed to be in issue as of the relevant Dealing Day.

**Directed Trading**

Institutional investors in the primary markets may request the execution of a transaction, including, without limitation, the sale or purchase of securities on their behalf, either as part of a subscription or a redemption, in accordance with specific terms. These terms may include, without limitation, the use of a particular broker or market or other terms which are not in accordance with the standard terms on which the Investment Manager executes transactions for the Company generally, having regard to its obligation to provide best execution to the Company. Any investor wishing to instruct a transaction on such specific terms should contact the Investment Manager in good time in advance of any proposed trade date to propose the terms of such transaction, provided that neither the Company nor the Investment Manager shall be under any obligation to consent to any such proposal. Investors should note that none of the Company, the Management Company, the Investment Manager or their agents accepts any liability for any loss, damage or delay caused by compliance with any such terms agreed with an investor. Investors should also read the risk warning headed "**Directed Trading Risk**" in the section "**Risk Factors**" below.

**Directors**

The Directors are responsible for the determination of the Funds' investment objectives and policies and have overall responsibility for the activities of the Company. At the date of the Prospectus, the Directors are Ms. Suzanne Williams, Ms. Eimear Cowhey, Mr. Feargal Dempsey, Mr. Peter Blessing, Mr. Anthony Jeffs and Mr. Simon Fryatt.

**Management Company**

The Directors have appointed HSBC Investment Funds (Luxembourg) S.A. as the management company and global distributor under the Management Agreement to be responsible on a day-to-day basis, and subject to the supervision of the Directors, for providing administration, marketing, global distribution and investment management services in respect of the Funds.

**Investment Manager**

The Management Company has appointed HSBC Global Asset Management (UK) Limited as the Investment Manager, with responsibility for all of the investment decisions relating to the Company's investment portfolio.

**Registrar, Transfer Agent and Administrator**

The Management Company has appointed HSBC Securities Services (Ireland) DAC to act as registrar and transfer agent in respect of the Authorised Participants and administrator of the Company responsible for performing the day to day administration of the Company; for providing fund accounting for the Company, including the calculation of the Net Asset Value of the Company and the Shares.

**Depositary**

The Company has appointed HSBC Continental Europe as Depositary of its assets.

**Summary of Risk Factors**

**Risk Factors Relating to the Company and the Shares**

- The Company or, where applicable, the Management Company (out of the assets of the relevant Funds), have agreed to indemnify the Directors, the Management Company, the Investment Manager, any Distributor, the Administrator and the Depositary as provided for in the relevant agreements.

- The Management Company will rely on the Investment Manager in implementing the investment strategies of the Company.

- There are certain investment risks which apply in relation to techniques and instruments which the Investment Manager may employ for efficient portfolio management purposes including, but not limited to, the techniques listed in this document.

- As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription monies for those Shares the Company may suffer losses as a result of the non-payment of such subscription monies.

- There can be no certainty that there will be liquidity in the Shares on any stock exchange or that the market price at which the Shares may be traded on a stock exchange will be the same as or approximately equal to the Net Asset Value per Share.

- The Net Asset Value per Share will fluctuate in accordance with changes in the market value of the investments held by the relevant Fund, and with changes in the exchange rate between the currency(ies) in which the investments held are denominated and the Base Currency(ies).

- The Secondary Market price of the Shares is likely to fluctuate with changes in the Net Asset Value per Share, with changes in the exchange rate between the currency(ies) in which the investments held are denominated and the currency in which the Shares are traded and with supply and demand factors on the stock exchange on which the Shares are traded.

- The Company is structured as an umbrella fund with segregated liability between its Funds. As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another (a provision which also applies in insolvency and is also generally binding upon creditors).

- There can be no assurance that an Index will continue to be calculated and published on the basis described in the rules or methodology published by the Index Provider or that the Index will not be amended significantly.

**Risk Factors Relating to Investments**

- The investments of a Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation will occur.

- Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investments in equity securities in general are subject to market risks that may cause their prices to fluctuate over time.

- The value of the assets of a Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

- As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, including in emerging markets, the assets of a Fund which are traded in such markets which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary, may be exposed to risk in circumstances where the Depositary may have no liability.

- In certain circumstances, the Company may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of the Depositary or a sub-custodian, retroactive application of legislation and fraud or improper registration of title. An insolvency of the Depositary or a sub-custodian could cause severe disruption to a Fund's investment activity. In some circumstances, this could cause the Directors to temporarily suspend the calculation of the Net Asset Value and dealings in Shares with respect to one or more Funds.

- The Base Currency value of the investments of the relevant Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

- **Sales, redemption or transaction charges may be payable in respect of a Fund and in the short-term, these charges will have the effect of reducing the value of an investment. Accordingly, an investor should view its investment in a Fund as medium- to long-term.**

- **An investment in a Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.**

- The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions.

- Whether or not a Fund is profitable, it is required to pay fees and expenses.

**Particular Risks of Financial Derivative Instruments ("FDI")**

- To increase access to financial markets in which direct investment is difficult, risky or expensive, the Investment Manager may make use of FDI in a Fund's investment program. Certain swaps, options and other FDI may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. The risks associated with the use of FDI are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to equity securities, bonds, interest rates, currencies or currency exchange rates and related indices.

- From time to time, the counterparties with which a Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, a Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance.

- There can be no assurance that the Company will be able to establish the necessary counterparty business relationships to permit it to effect transactions in the OTC markets. An inability to establish such relationships would limit its activities.

- Although the Investment Manager believes that taking exposure to underlying assets through the use of FDI will benefit Shareholders in certain circumstances there is a risk that the performance of the Fund will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

- Positions in futures contracts and other exchange-traded derivatives may be closed out only on an exchange which provides a Secondary Market for such futures or other exchange-traded derivatives. However, there can be no assurance that a liquid Secondary Market will exist for any particular futures contract or other exchange-traded derivatives at any specific time.

**Particular Risks of OTC FDI**

- In general, there is less government regulation and supervision of transactions in the over-the-counter markets than of transactions entered into on organised exchanges. In addition, many of the protections afforded to some participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with transactions in OTC FDI.

- There may also be a detrimental impact on a Fund in circumstances where there has been a change in the relevant taxation legislation or practice, regarding the OTC FDI in which the Fund has invested, whereby an unforeseen tax liability may have to be borne by the Fund. In some circumstances a change in laws and regulations and in particular a change in a local tax law could trigger additional costs that may become payable by a Fund and such costs may, in effect, apply retroactively and this could subject the Fund to charges relating to investments in warrants, notes, options and other OTC FDI made several years previously.

- OTC FDI may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC FDI are deemed not to be legally enforceable or are not documented correctly.

- The Investment Manager may enter into forward contracts and options thereon on behalf of a Fund which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts.

- There is often no single market value for instruments such as OTC FDI.

- There is no guarantee that the investment objective of any Fund will be achieved.

## Risk Factors

Potential investors should consider the following risk factors before investing in the Company. Additional risk factors for a Fund (if any) will be set out in the relevant Fund Supplement.

Investment in the Shares carries certain risks, which are described below. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this Prospectus before investing in any Shares. Set out below are the risk factors which the Directors currently consider to be material for potential investors in the Company. There may be additional risks of which the Directors are not currently aware and so the risks described in this Prospectus should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Fund.

### Risk Factors Relating to the Company and the Shares

**Indemnification Obligations**

The Company or, where applicable, the Management Company (out of the assets of the relevant Fund), has agreed to indemnify the Directors, the Management Company, the Investment Manager, any Distributor, the Administrator, the Depositary as provided for in the relevant agreements. Consequently the Company is exposed to the risk of unforeseen costs due to losses or damages suffered or incurred by the indemnified parties (including legal fees and expenses) in connection with the performance of their duties and/or the exercise of their powers under the relevant agreements. Further information in respect of such indemnities is set out in "**Management and Administration**".

**Reliance on the Investment Manager**

The Management Company will rely on the Investment Manager in implementing the investment strategies of the Company. The bankruptcy or liquidation of the Investment Manager may have an adverse impact on the Net Asset Value of the relevant Fund. Investors must rely on the judgement of the Investment Manager in making investment decisions. The Investment Manager and its principals and affiliates will however devote a substantial degree of their business time to the Company's business.

**Investment Techniques**

The Investment Manager may employ techniques and instruments for efficient portfolio management purposes including, but not limited to, the techniques set out in "**Portfolio Investment Techniques**". To the extent that the Investment Manager's expectations in employing such techniques and instruments are incorrect, a Fund may suffer a substantial loss having an adverse effect on the Net Asset Value of the Shares.

**Provisional Allotments**

As the Company may provisionally allot Shares to proposed investors prior to receipt of the requisite subscription monies for those Shares the Company may suffer losses as a result of the non-payment of such subscription monies, including, for example, the administrative costs involved in updating the records of the Company to reflect Shares allotted provisionally which are not subsequently issued.

The Company will attempt to mitigate this risk by obtaining an indemnity from investors, however, there is no guarantee that the Company will be able to recover any relevant losses pursuant to such indemnity.

**Secondary Market Trading Risk**

It is intended that Shares will be listed and traded on one or more Listing Stock Exchanges. However, there can be no certainty that there will be liquidity in the Shares on any stock exchange or that the market price at which the Shares may be traded on a stock exchange will be the same as or approximately equal to the Net Asset Value per Share. In addition, there can be no guarantee that the Shares will continue to be listed on a Listing Stock Exchange or that the conditions of listing will not change.

Trading in Shares on a Listing Stock Exchange may be suspended due to market conditions or otherwise in accordance with the rules of the relevant Listing Stock Exchange. If trading on a Listing Stock Exchange is suspended, investors in Shares may not be able to sell their Shares until trading resumes.

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.

**Risk of Fluctuation of Net Asset Value and Trading Prices on the Secondary Market**

The Net Asset Value per Share will fluctuate in accordance with changes in the market value of the investments held by the relevant Fund, and with changes in the exchange rate between the currency(ies) in which the investments which the relevant Fund holds are denominated and the Base Currency(ies). Investors are reminded that, even though the Net Asset Value per Share may be converted and reported in a currency denomination other than the Base Currency, there is no assurance that such converted amount can actually be achieved. Depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment in one or more of the Funds. The publication of the Net Asset Value per Share for each Fund is for information purposes only, and is not an invitation to subscribe, redeem or convert Shares at the published Net Asset Value per Share.

The Secondary Market price of the Shares is likely to fluctuate with changes in the Net Asset Value per Share, with changes in the exchange rate between the currency(ies) in which the investments held by the relevant Fund are denominated and the currency in which the Shares are traded and with supply and demand factors on the stock exchange on which the Shares are traded. The Company cannot predict the price at which the Shares will trade and this may differ from the Net Asset Value per Share (when converted to the currency in which the Shares are traded). Price differences may be due, in large part, to the fact that supply and demand forces in the Secondary Market for the Shares of any Fund will be closely related, but not identical, to the same forces influencing the prices of the relevant Index Securities.

The Net Asset Value per Share and the Secondary Market price of Shares are expected to track each other through arbitrage. An Authorised Participant or other professional investor in calculating the price at which it would be willing on the Secondary Market to sell the Shares of a Fund (known as the offer price), or to buy such Shares (known as the bid price), will take account of the notional price at which it could purchase (when selling Shares), or sell (when buying Shares), the requisite amounts of the relevant Index Securities in respect of one or more Creation and Redemption Unit(s) including associated transaction costs and taxes (if applicable). Where the notional price of purchasing the Index Securities corresponding to a subscription for a Creation and Redemption Unit is less, or the notional price of selling Index Securities corresponding to a redemption of a Creation and Redemption Unit is more, than the Secondary Market price of Shares in a Creation and Redemption Unit, as the case may be, then an Authorised Participant may choose to arbitrage the Fund by subscribing for or redeeming Creation and Redemption Units. The Directors believe such arbitrage will help to ensure that the deviation of the trading bid and offer price per Share from the Net Asset Value per Share (after currency conversion) is generally minimised. However, if the calculation of the Net Asset Value of a Fund is suspended, the right to redeem Shares in that Fund would ordinarily also be suspended. In the event that the Company has to suspend the subscription and/or redemption of Shares of a Fund, or if the Fund cannot trade its underlying investments, it is expected that larger discounts or premiums could arise.

Investors should be aware that on days other than Business Days or Dealing Days of a Fund when one or more Listing Stock Exchanges are trading Shares but the underlying Recognised Market(s) on which the Index Securities are traded are closed, the spread between the quoted bid and offer prices in the Shares may widen and the difference between the market price of a Share and the last calculated Net Asset Value per Share may, after currency conversion, increase. The settlement of trades in Shares on Listing Stock Exchange(s) will be through the facilities of one or more Recognised Clearing and Settlement Systems following applicable procedures which are available from the Listing Stock

Exchange(s). Investors should also be aware that on such days the underlying Index value would not necessarily be calculated and available for investors in making their investment decisions because prices of Index Securities in the underlying Recognised Market(s) would not be available on such days. Nonetheless, one or more Listing Stock Exchange(s) may provide a calculation of such Index based upon trading, if any, of such Index Securities on markets other than the underlying Recognised Market(s). Further details of the Listing Stock Exchange(s) for each Fund are set out in each relevant Fund Supplement and are specified in Appendix A.

**Directed Trading Risk**

Investors transacting on the primary market only may request the execution of a transaction, including, without limitation, the sale or purchase of securities on their behalf, in accordance with specific terms, which may include, without limitation, the use of a particular broker, counterparty or market or in any way other than in accordance with the standard terms on which the Investment Manager executes transactions for the Company generally, having regard to its obligation to provide best execution to the Company. Where such a request is agreed to, neither the Company, the Management Company nor their agents, including, for the avoidance of doubt, the Investment Manager, shall be liable for any loss, damage or delay, including any delay in effecting or failure to effect a subscription or redemption, caused by any omission, error, failed or delayed trade or settlement on the part of the investor or the designated broker or other counterparty. Should the investor or the designated broker or other counterparty default on, or otherwise fail to complete, any part of the relevant transaction, the investor shall bear all associated risks and costs and the Company shall have the right to amend the terms of the transaction (including the choice of broker) and the investor's subscription or redemption, to take into account such default and/or failure and in order to complete the transaction.

**Segregated liability**

The Company is structured as an umbrella fund with segregated liability between its Funds. As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another (a provision which also applies in insolvency and is also generally binding upon creditors). Furthermore, and by operation of Irish law, any contract entered into by the Company in respect of a Fund (or Funds) will include an implied term to the effect that recourse by the contract counterparty may not be had to assets of Funds other than the Fund or Funds in respect of which the contract was entered into.

The Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation and so, in the event an action to enforce a debt or liability of a Fund was brought against the Company in a jurisdiction other than Ireland, there remains a risk that a creditor may seek to seize or attach assets of one Fund in satisfaction of a debt or liability owed by another Fund in a jurisdiction which may not recognise the principle of segregated liability between Funds.

**Cross-Class Liability Risk**

Multiple Classes may be issued in relation to a Fund. These Classes may be denominated in various currencies introducing currency risk. Given that there is no legal segregation of liabilities between Classes, there may be a remote risk that, under certain circumstances, currency hedging transactions in relation to a currency hedged Class could result in liabilities which might affect the Net Asset Value of the other Classes of the same Fund.

Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one Class may have recourse to the assets attributable to other Classes. Although for the purposes of internal accounting, a separate account will be established for each Class, in the event of an insolvency or termination of a Fund (i.e., when the assets of a Fund are insufficient to meet its liabilities), all assets will be used to meet a Fund’s liabilities, not just the amount standing to the credit of any individual Class. However, the assets of a Fund may not be used to satisfy the liabilities of another Fund.

**Risk relating to Indices**

An Index is generally constituted by an Index Provider pursuant to the Index Provider’s own criteria or

methodologies. Certain methodologies are designed to obtain an optimum return from an Index at a specific point in time and this may result in a limited increase in value of the Index.

An Index Provider normally retains discretion in relation to the methodology underlying an Index and an Index may or may not take account of fees, and, accordingly, there can be no assurance that an Index will continue to be calculated and published on the basis described in the rules or methodology published by the Index Provider or that the Index will not be amended significantly.

To meet its stated investment objective, each Fund seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the relevant Index as published by the relevant index provider. While the purpose of the Benchmarks Regulations is to ensure the integrity and accuracy of financial indices, including an Index used by a Fund, there is no assurance that the index provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. While the index provider provides descriptions of what the Index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the Index, and does not guarantee that the Index will be in line with the described index methodology.

The Investment Manager intends to manage the Funds consistently with the relevant Index and cannot provide any warranty or guarantee for index provider errors. Where errors in respect of the quality, accuracy and completeness of the data occur there is a risk that these may not be identified and corrected for a period of time, particularly where the indices are less commonly used. This means that any gains, losses or costs associated with index provider errors will be borne by the Funds and their investors. By way of an example, since the assets of the Fund are determined with regard to the relevant Index composition, there is a risk that where the Index includes securities that are not in line with the Index methodology, the Fund could hold assets which do not reflect the correct 'theoretic' index composition. This means that if there is a period where the Index composition is determined incorrectly, a Fund tracking the published Index will have market exposure to assets that should not have been included in the Index composition and the Fund may not be exposed to assets that should have been included in the Index. Where this occurs, these errors may result in a negative or positive performance impact, as well as resulting in potential additional costs resulting from the purchase/sale of the underlying assets comprising the Index, to the Funds and their investors. Investors should understand that any gains from index provider errors will be kept by the Funds and their investors and any losses resulting from index provider errors will be borne by the Funds and their investors.

In the event that an index provider error occurs meaning that the composition of the Index is incorrect, the index provider may need to carry out additional ad hoc rebalances to an Index in addition to its scheduled rebalances. Where the Index of a Fund is rebalanced and the Fund in turn rebalances its portfolio to bring it in line with the relevant Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its investors.

**Reliance on Third Party Data Providers**

To meet the stated investment objective and policy each Fund, the Company, the Management Company and/or the Investment Manager (together "the Parties") may rely on financial, economic and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the "external data providers"). This data can have a material effect on the investments held by the relevant Fund. While the Parties carry out due diligence prior to engaging any such external data providers, the Parties do not generally have the ability to independently verify any such financial, economic and/or other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. The Fund could incur unexpected costs as a result of external data provider failures of, or substantial inaccuracy in, the generation of such data, for which losses the Parties, acting in good faith, will not be held liable.

**International Central Securities Depositary**

Investors that settle or clear through an International Central Securities Depositary ("**ICSD**") will not be a registered shareholder in the Company, they will hold an indirect beneficial interest in such Shares.

The rights of such investors, where such person is a Participant (as defined in the section "**Subscriptions, Valuations and Redemptions – Registration and Settlement of Shares – International Central Securities Depositary**") in the ICSD, shall be governed by the terms and conditions applicable to the arrangement between such Participant and their ICSD and where the holder of the indirect beneficial interests in the Shares is not a Participant, shall be governed by their arrangement with their respective nominee, broker or Central Securities Depositary (as defined in the section "**Subscriptions, Valuations and Redemptions – Registration and Settlement of Shares – International Central Securities Depositary**"), as appropriate, which may be a Participant or have an arrangement with a Participant. The Company will issue any notices and associated documentation to the global paying agent (the "**Global Paying Agent**") for onward transmission to the ICSD, with such notice as is given by the Company in the ordinary course when convening general meetings. The Global Paying Agent has a contractual obligation to relay any such notices received by it to the applicable ICSD, pursuant to the terms of its appointment by the Management Company. The applicable ICSD will in turn relay notices received from the Global Paying Agent to its Participants in accordance with its rules and procedures. The Common Depositary is contractually bound to collate all votes received from the applicable ICSDs (which reflects votes received by the applicable ICSD from Participants) and the Common Depositary's Nominee is obligated to vote in accordance with such instructions. The Company has no power to ensure the applicable ICSD or the Common Depositary relays notices of votes in accordance with their instructions. The Company cannot accept voting instructions from any persons other than the Common Depositary's Nominee.

Any dividends declared and any liquidation and mandatory redemption proceeds are paid by the Company to the Global Paying Agent for onward transmission to the applicable ICSD. Investors, where they are Participants, must look solely to the applicable ICSD for their share of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company or, where they are not Participants, they must look to their respective nominee, broker or Central Securities Depositary (as appropriate, which may be a Participant or have an arrangement with a Participant of the applicable ICSD) for any portion of each dividend payment or any liquidation or mandatory redemption proceeds paid by the Company that relates to their investment. Investors shall have no claim directly against the Company in respect of dividend payments and any liquidation and mandatory redemption proceeds due on Shares represented by the global share certificate (i.e. the certificate issued in the name of the Company or relevant clearing agent as appropriate, the "**Global Share Certificate**"), and the obligations of the Company will be discharged by payment to the applicable ICSD.

**Cyber Security Risk**

Security breaches of computer systems used by the Company and its service providers (such as the Management Company, Investment Manager, Administrator, Depository, sub-custodians or Authorised Participants) have the potential to cause financial losses and costs for the Company, for example disrupting or preventing trading or interfering with the administration systems used by the Company. While the Company and its service providers have established business continuity plans and other systems and procedures to minimize the impact of attempted security breaches, investors must be aware that the risk of losses to the Company or the Funds cannot be eliminated.

**Risks Associated with Umbrella Cash Accounts**

The Umbrella Cash Accounts will operate in respect of the Company rather than a relevant Fund and the segregation of subscription, redemption and dividend monies from the liabilities of Funds other than the relevant Fund to which the subscription, redemption and dividend monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of an insolvency of a Fund, there is no guarantee that the Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to subscription, redemption and dividend monies) in full.

Monies attributable to other Funds within the Company will also be held in an Umbrella Cash Account. In the event of the insolvency of a Fund (an **"Insolvent Fund**"), the recovery of any amounts to which another Fund (the "**Beneficiary Fund**") is entitled, but which may have transferred in error to the

Insolvent Fund as a result of the operation of an Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to, the recovery of such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

It is not expected that any interest will be paid on the amounts held in an Umbrella Cash Account. Any interest earned on the monies in an Umbrella Cash Account will be for the benefit of the relevant Fund to which it relates and will be allocated to the Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation.

The Central Bank's guidance on umbrella cash accounts may be subject to change and further clarification.

**Risk Factors Relating to Investments**

**Market Risk**

The investments of a Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets such as political and economic risk. There can be no assurances that appreciation in value of investments in a Fund will occur or that the objectives of any Fund will actually be achieved. Stock markets can be volatile and stock prices can change substantially. Debt securities are interest rate sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since investment in securities may involve currencies other than the Base Currency, the value of a Fund's assets may also be affected by changes in currency rates and exchange control regulations, including currency blockage. The performance of a Fund will therefore depend in part on the ability of the Investment Manager to anticipate and respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

**Equity Securities**

Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investments in equity securities in general are subject to a number of factors which may include political, geographic or economic events that may cause their prices to fluctuate over time. The value of convertible equity securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. Fluctuations in the value of equity securities comprised in any Index, the performance of which is replicated by a Fund, would cause the Net Asset Value of the relevant Fund to fluctuate.

**Political and/or Regulatory Risks**

The value of the assets of a Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

**Custodial Risk**

As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, including in emerging markets, the assets of a Fund which are traded in such markets which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary, may be exposed to risk in circumstances where the Depositary may have no liability. Such risks include (but are not limited to): a non true delivery versus payment settlement, poor information in relation to corporate actions, poor registration procedures that impact upon the availability of securities, lack of appropriate legal/fiscal regulation, lack of safeguards in respect of central depositories, a physical market and the circulation of poor securities. In certain circumstances, the Company may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title.

In order to provide custody and settlement facilities in all jurisdictions in which the Company may invest from time to time, the Depositary or its appointed global sub-custodian may delegate custodial functions to third parties located in jurisdictions where custodial or settlement systems do not offer the standards of protection which would normally be required by a reasonably prudent Depositary and in particular where standards and procedures prevailing among provider of postal, telecommunications, legal, custody or banking services are not in accordance with those generally accepted internationally.

The Company is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors ("Insolvency") of its depositary and sub-custodians. These risks include without limitation: the loss of all cash held which is not recorded as belonging to the Funds; the loss of some or all of any securities held on trust which have not been properly segregated and so identified at the level of a depositary and sub-custodians ("trust assets") or cash held by or with a depositary and sub-custodians in connection with a reduction to pay for administrative costs of an Insolvency and/or the process of identifying and transferring the relevant trust assets and/or cash for other reasons according to the particular circumstances of the Insolvency; losses of some or all assets due to the incorrect operation of the accounts by a depositary and sub-custodians; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. An insolvency could cause severe disruption to a Fund's investment activity. In some circumstances, this could cause the Directors to temporarily suspend the calculation of the Net Asset Value and dealings in Shares with respect to one or more Funds.

**Currency Risk**

The Net Asset Value per Share of a Fund will be computed in the Base Currency, whereas the investments held for the account of such Fund may be acquired in other currencies. The Base Currency value of the investments of the relevant Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The investments of each Fund may be fully hedged into its Base Currency or in the case of a Class hedged to the Class currency. Currency hedging transactions, while potentially reducing the currency risks to which a Fund or Class would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where a Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of a Fund may be strongly influenced by movements in exchange rates as currency positions held by that Fund may not correspond with the securities positions held.

Where a Fund enters into "**cross hedging**" transactions (e.g., utilising currency different than the currency in which the security being hedged is denominated), such Fund will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the securities.

In respect of unhedged Classes of Shares, the value of a Share expressed in a class currency will be subject to exchange rate risk in relation to the underlying portfolio currencies. The hedging strategy applied to hedged Classes of Shares may vary from one Fund to another. Each Fund with currency hedged Classes of Shares will apply a hedging strategy which aims to reduce currency risk but may not totally eliminate currency exposure. Countries' currency rates may fluctuate significantly for a number of reasons, including the forces of supply and demand in the foreign exchange markets, actual or perceived changes in interest rates, and intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments in such countries. Shareholders should also note that in respect of unhedged Classes of Shares a currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates.

**Euro Currency Risk**

Member States and European businesses and financial institutions and counterparties are currently being affected, some adversely, by severe political and economic difficulties and concerns, including in

relation to sovereign and non-sovereign funding and debt. European, the International Monetary Fund and bilateral emergency funding arrangements have already been extended and/or are contemplated in respect of certain Member States and European based financial institutions.

These developments have had a negative effect in political terms and also in economic terms. Financial markets, investor sentiment and credit ratings of institutions and Member States have already been adversely affected and may continue to be so. In addition, investment activity has been affected, as has the willingness of financial institutions to extend credit.

Member States within the Euro area, and certain other Member States, are in ongoing discussions with a view to agreeing stricter financial disciplines. However, it remains unclear whether agreement on these matters will be reached, and even if reached, whether adequate measures will be adopted.

There are increasing concerns that one or more Member States within the Euro area may not be able to meet their debt obligations or funding requirements. The depressed economic environment and cost of funding may cause short and medium term budget deficits to expand in these economies, further increasing the risk of default. A sovereign default is likely to have adverse consequences for the economy of the relevant Member State and that of Europe and the wider world economy. The effect on creditors of a sovereign default is likely to be adverse.

The possibility of Member States that have adopted the Euro abandoning or being forced to withdraw from the Euro remains. It is not possible to predict accurately the precise nature of the consequences of a Member State leaving the Euro as there has been no legal framework put in place in preparation for such an event. However, it is likely that any Euro-denominated assets or obligations that the Company acquired that are converted into a new national currency would suffer a significant reduction in value if the new national currency falls in value against the Euro or other currencies. In the event of the collapse of the Euro as a currency, any Fund whose Base Currency is Euro and any Class designated in Euro would need to be re-designated into an alternative currency, as determined by the Directors, which could result in significant losses to Shareholders in the relevant Fund and/or Class.

These economic developments and their consequences both in Europe and the wider world economy, have significantly increased the risk of market disruption and governmental intervention in markets. Such disruption and intervention may result in unfavourable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, trade balances and imbalances and social, economic or political instability.

Predicting accurately the consequences of developments of this kind is difficult. Events affecting the Euro could result in either separate new national currencies, or a new single European currency, and consequently the redenomination of assets and liabilities currently denominated in Euro. In such circumstances, there would be a definite risk of the Company's Euro-denominated investments becoming difficult to value. This could result in negative consequences for the Company including suspension of Net Asset Value valuations and, consequently, redemptions. If the redenomination of accounts, contracts and obligations becomes litigious, difficult conflict of laws questions are likely to arise.

Adverse developments of this nature may significantly affect the value of the Company's investments. They may also affect the ability of the Company to transact business including with financial counterparties, to manage investment risk and to hedge currency and other risks affecting the portfolio and individual Classes of any Fund. Fluctuations in the exchange rate between the Euro and the US Dollar or other currencies could have a negative effect upon the performance of investments.

**Investments in Other Eligible Collective Investment Schemes Risk**

Where a Fund invests in one or more Eligible Collective Investment Schemes (including other Funds or schemes managed by the Investment Manager or its affiliates), it will be subject to the risks associated with the underlying collective investment schemes. The relevant Fund will not have control of the underlying investments of the collective investment schemes and there is no assurance that the investment objective and strategy of the underlying collective investment schemes will be successfully achieved which may have a negative impact on the Net Asset Value of the Fund.

As a shareholder of a collective investment scheme, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of the other collective investment scheme, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations. The relevant Fund will be responsible for paying its fees and expenses regardless of the level of its profitability.

There is also no guarantee that underlying collective investment schemes will have sufficient liquidity to meet a Fund's redemption requests as and when made.

**Transaction Charges**

Sales, redemption or transaction charges may be payable in respect of a Fund if specified in the section entitled "**Fees and Expenses**". In the short-term, these charges will have the effect of reducing the value of an investment. Accordingly, an investor should view its investment in a Fund as medium- to long-term.

**No Investment Guarantee equivalent to Deposit Protection**

An investment in a Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

**Settlement Risk of Assets Within a Fund**

The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of a Fund are uninvested and no return is earned thereon. The inability of a Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Fund due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security it could result in a possible liability of it to the purchaser.

Where cleared funds are not received in a timely fashion in respect of a subscription, overdraft interest may be incurred. Losses could be incurred where the Investment Manager has entered into a contract to purchase securities in anticipation of subscription monies which subsequently do not settle, due to subsequent declines in the value of the portfolio security upon disposal.

**Fees and Expenses**

Whether or not a Fund is profitable, it is required to pay fees and expenses including organisation and offering expenses, brokerage commissions, management, administrative and operating expenses and depositary fees. A portion of these expenses may be offset by interest income.

**Debt Securities Risk**

Debt securities and other income-producing securities are obligations of their issuers to make payments of principal and/or interest on future dates. As interest rates rise, the values of debt securities or other income-producing investments are likely to fall. This risk is generally greater for obligations with longer maturities. Debt securities and other income-producing securities also carry the risk that the issuer or the guarantor of a security will be unable or unwilling to make timely principal and/or interest payments or otherwise to honour its obligations. This risk is particularly pronounced for lower-quality, high-yielding debt securities.

Additional general risks that may be part of debt securities include the following:

*Credit Risk*

The ability, or perceived ability, of the issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of an issuer to meet its obligations will decline substantially during the period when a Fund owns securities of that

issuer or that the issuer will default on its obligations. An actual or perceived deterioration of the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities. With certain exceptions, credit risk is generally greater for investments issued at less than their face values and that require the payment of interest only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition and does not reflect an assessment of an investment's volatility or liquidity. Although investment-grade securities generally have lower credit risk than securities rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default. Consequently, there can be no assurance that investment grade securities will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities.

*Extension Risk*

During periods of rising interest rates, the average life of certain types of securities may be extended because of slower-than-expected principal payments. This may lock in a below-market interest rate, increase the security's duration, and reduce the value of the security. Extension risk may be heightened during periods of adverse economic conditions generally, as payment rates decline due to higher unemployment levels and other factors.

*Income Risk*

To the extent a Fund's income is based on short-term interest rates, which may fluctuate over short periods of time, income received by the Fund may decrease as a result of a decline in interest rates.

*Interest Rate Risk*

The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the values of existing debt instruments. Interest rate risk is generally greater for investments with longer durations or maturities and may also be greater for certain types of debt securities such as zero coupon and deferred interest bonds. Interest rate risk also is relevant in situations where an issuer calls or redeems an investment before its maturity date. See also "**Prepayment Risk**" below. Adjustable rate instruments also generally react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors).

*Lower-Rated Securities Risk*

Securities rated below investment grade (i.e., high-yield bonds or junk bonds) typically lack outstanding investment characteristics and have speculative characteristics and are subject to greater credit and market risks than higher-rated securities. The lower ratings of junk bonds reflect a greater possibility that adverse changes in the financial condition of the issuer or in general economic conditions, or an unanticipated rise in interest rates, may impair the ability of the issuer to make payments of interest and principal. If this were to occur, the values of such securities held by a Fund may become more volatile and the Fund could lose some or all of its investment.

*Prepayment Risk*

A debt security held by a Fund could be repaid or "called" before the money is due, and the Fund may be required to reinvest the proceeds of the prepayment at lower interest rates and therefore might not benefit from any increase in value as a result of declining interest rates. Intermediate-term and long-term bonds commonly provide protection against this possibility, but mortgage-backed securities do not. Mortgage-backed securities are more sensitive to the risks of prepayment because they can be prepaid whenever their underlying collateral is prepaid.

**Variable and Floating Rate Securities**

In addition to traditional fixed-rate securities, a Fund may invest in debt securities with variable or floating interest rates or dividend payments. Variable or floating rate securities bear rates of interest that are adjusted periodically according to formulae intended to reflect market rates of interest. These securities allow the Fund to participate in increases in interest rates through upward adjustments of the coupon

rates on such securities. However, during periods of increasing interest rates, changes in the coupon rates may lag the change in market rates or may have limits on the maximum increase in coupon rates. Alternatively, during periods of declining interest rates, the coupon rates on such securities readjust downward and this may result in a lower yield.

**Taxation**

The taxation risks associated with investment in the Shares of the Company are described in the section headed "**Taxation**" of this Prospectus.

*Changes in taxation legislation*

The tax information provided in the "**Taxation**" section is based, to the best knowledge of the Company, upon tax law and practice as at the date of this Prospectus and is subject to change from time to time. Any change in the taxation legislation in Ireland or in any jurisdiction where a Fund is registered, cross-listed, marketed or invested could affect the tax status of the Company and the relevant Fund, affect the value of the relevant Fund's investments in the affected jurisdiction, affect the relevant Fund's ability to achieve its investment objective, and/or alter the post tax returns to Shareholders. Where a Fund invests in FDIs the preceding sentence may also extend to the jurisdiction of the governing law of the FDI contract and/or the FDI counterparty and/or to the market(s) comprising the underlying exposure(s) of the FDI.

The availability and value of any tax reliefs available to Shareholders depend on the individual circumstances of each Shareholder. The information in the "**Taxation**" section is not exhaustive and does not constitute legal or tax advice. Prospective Shareholders are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Funds.

*Foreign Taxes*

The Company may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Company may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Company obtains a repayment of foreign tax, the Net Asset Value of a Fund will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

*Tax liability in new jurisdictions*

Where a Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, for example the Middle East, the Company, the relevant Fund, the Investment Manager, the Depositary and the Administrator shall not be liable to account to any Shareholder for any payment made or suffered by the Company or the relevant Fund in good faith to a fiscal authority for taxes or other charges of the Company or the relevant Fund notwithstanding that it is later found that such payments need not or ought not have been made or suffered.

*Treatment of tax by index providers*

Shareholders should be aware that the performance of Funds, as compared to an Index, may be adversely affected in circumstances where the assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the Index held within Funds.

**European Benchmarks Regulation**

The Benchmarks Regulation ("BMR") was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. It is directly applicable law across the EU. The majority of its provisions applied from 1 January 2018. The BMR applies principally to benchmark administrators and also, in some respects, to contributors and certain users of benchmarks which in certain circumstances can include investment funds such as the Funds.

A benchmark will be in scope of the BMR if it is used by the Funds for tracking the return of the benchmark, or defining the asset allocation of the Fund or for computing performance fees. Any other mention of a benchmark in the Prospectus, PRIIPs KID/UCITS KIID, as applicable, and any other fund documentation, for the sole purpose of comparing past performances does not fall within the remit of the BMR.

For a benchmark to be used by an EU/EEA supervised entity including the Funds, the BMR will among other things:

(i) require benchmark administrators domiciled in a Member State to be authorised or registered by the Member State's relevant competent authority;

(ii) require benchmark administrators not located in a Member State, to be approved via recognition or endorsement by a Member State competent authority, unless an equivalence decision has been made by the European Commission on the jurisdictions where the benchmark administrators are located , and

(iii) require benchmark administrators domiciled in a Member State and administrating "critical benchmarks" to be authorised or registered by the Member State's relevant competent authority.

The BMR makes significant changes to the way in which benchmarks falling within its scope are governed (including reforms of governance and control arrangements, obligations in relation to input data, certain transparency and record-keeping requirements and detailed codes of conduct for contributors); and (ii) prevent certain uses of benchmarks provided by unauthorised benchmark administrators by supervised entities in the EU/EEA.

Potential effects of BMR include (among other things): an index which is a benchmark could not be used by a Fund in certain ways if such index's administrator does not obtain relevant authorisation or, the administrator is not otherwise recognised as equivalent; and the methodology or other terms of the benchmark could be changed in order to comply with the terms of the BMR, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility, of the published rate or level of the benchmark.

If any proposed changes change the way in which the benchmarks are calculated or a benchmark is discontinued or is not otherwise permitted to be used by the Funds, this could adversely affect a Fund and its Net Asset Value.

The European Securities and Markets Authority (ESMA) maintains two official registers of approved benchmark administrators and approved third country benchmarks under BMR, however benchmark administrators may be taking advantage of transitional arrangements.

*Status of the Benchmarks used by the Funds*

At the date of this Prospectus, benchmark administrators used by the Funds that are domiciled in a Member State are authorised by their home Member State competent authority and appear on the ESMA register. Benchmark administrators used by the Funds that are not domiciled in a Member State have not yet been approved by endorsement or recognition by a Member State competent authority, are not on the ESMA register of approved benchmark administrators and their benchmarks do not appear on the ESMA register of approved third country benchmarks.

A robust written plan has been adopted by the Company to address the contingency of a benchmark changing materially or ceasing to be provided in accordance with the BMR.

***Withdrawal of the UK from the EU***

Following the UK Government's notification to the EU of its intention to leave the Union (i.e. "Brexit"), on 23 January 2020, the UK Government enacted the European Union (Withdrawal Agreement) Act 2020 ("WAA"). The WAA implemented the withdrawal agreement into UK law. The EU also ratified the

withdrawal agreement in accordance with its procedures, with the European Parliament consenting to the Withdrawal Agreement on 29 January 2020.
As part of the withdrawal agreement, the UK and the EU agreed a transition period (the "**Transition Period**") in order to provide continuity and certainty.

Following the end of the Transition Period on 31 December 2020 all cross-border passporting rights to the UK for EU funds ceased; however, the UK's introduction of a Temporary Permissions Regime enables all funds that have registered into the regime to continue to be distributed in the UK and purchased by UK domiciled investors. The UK Government has brought forward domestic legislation to streamline the process to allow overseas (including EU) investment funds to be sold in the UK post-Brexit.

It is possible that ultimately there will be more divergence between UK and EU regulations which may limit the cross-border activities that can take place. As at the date of this Prospectus, the Funds continue to be recognised by the FCA and can be marketed to UK investors. The UK Government is continuing to consider regulatory changes post-Brexit. The nature and extent of such changes remain uncertain, but may be significant.

**Impact of Natural or Man-Made Disasters; Disease Epidemics**

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organised public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. A Fund's investments could also be at risk in the event of such a disaster. The magnitude of future economic repercussions of natural disasters may also be unknown, may delay a Fund's ability to invest in certain companies, and may ultimately prevent any such investment entirely. Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence which in turn may materially and adversely affect the performance of a Fund's investments, whether or not such investments are involved in such man-made disaster.

In addition, certain illnesses spread rapidly and have the potential to significantly adversely affect the global economy. Any outbreak of disease epidemics, such as the severe acute respiratory syndrome, avian influenza, H1N1/09, including most recently, the coronavirus (Covid 19), or other similarly infectious diseases, may result in the closure of a portfolio company's offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to a portfolio company's business, (b) disruption of regional or global trade markets and/or the availability of capital or leverage, (c) trade or travel restrictions which impact a portfolio company's business and/or (d) a general economic decline and/or decline in the real estate market, which may have an adverse impact on a Fund's value, investments or its ability to source new investments.

**Compliance with International Sanctions**

The Company is required to comply with all applicable Sanctions Laws (as defined below). In order to ensure such compliance, it has adopted HSBC Group's Global Sanctions Policy. In accordance with that policy, the Administrator shall screen all subscribers of Shares and all known beneficial owners of subscribed Funds against the applicable Sanctions Laws.

In the event of a potential match, the Administrator may request a Shareholder or new applicant to provide further information needed to assess whether that person is the person flagged in the screening. If they are, the Company will not authorise any transactions; the account will be blocked and Shares frozen. In the event of an unreasonable delay in providing or failure to provide such information, the relationship with the Shareholder may be discontinued and Shareholder's holdings may be redeemed and the redemption proceeds blocked and held in an escrow account.

"**Sanctions Laws**" include:

- any EU regulation adopted under Article 215 of the Treaty on the Functioning of the European Union, and any legal act adopted by a Member State to implement, establish penalties in relation to or otherwise give full effect to such a regulation;
- any sanctions resolution passed pursuant to Chapter VII of the United Nations Charter by the United Nations Security Council, and any trade, financial or economic sanctions law or embargo giving legal effect to such a sanctions resolution; and
- any other trade, financial or economic sanctions law or regulation made by a relevant authority of the United States including the SDN (Specially Designated Nationals) list maintained by the Office of Foreign Asset Control of the US Department of the Treasury, the United Kingdom, the EU, the Hong Kong Monetary Authority or other applicable government, including US secondary sanctions.

**Particular Risks of Financial Derivative Instruments ("FDI")**

**(a) General**

To increase access to financial markets in which direct investment is difficult, risky or expensive, the Investment Manager may make use of FDI in a Fund's investment program. Certain swaps, options and other FDI may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, swaps and other derivatives can involve significant economic leverage (although the global exposure of a Fund through the use of FDI will not exceed the Fund's Net Asset Value at any time) and may, in some cases, involve significant risks of loss.

The risks associated with the use of FDI are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to equity securities, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. There is no assurance that any derivative strategy used by a Fund will succeed.

**(b) Liquidity; Requirement to Perform**

From time to time, the counterparties with which a Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, a Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward foreign exchange contracts do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, entering into forward foreign exchange contracts, the Company may be required to and must be able to, perform its obligations under the contract.

**(c) Necessity for Counterparty Trading Relationships**

Participants in the over-the-counter ("**OTC**") markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Investment Manager believes that the Company will be able to establish the necessary counterparty business relationships to permit it to effect transactions in the OTC markets, including the swaps markets, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit its activities and could require it to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which it expects to establish such relationships will not be obligated to maintain the credit lines extended to it, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

**(d) Correlation Risk**

Although the Investment Manager believes that taking exposure to underlying assets through the use of FDI will benefit Shareholders in certain circumstances, due to reduced operational costs and other

efficiencies which investment through FDI can bring, there is a risk that the performance of the Fund will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

**(e) Futures and Other Exchange Traded Derivatives Risks**

Positions in futures contracts and other exchange-traded derivatives may be closed out only on an exchange which provides a Secondary Market for such futures and other exchange-traded derivatives. However, there can be no assurance that a liquid Secondary Market will exist for any particular futures contract or other exchange-traded derivatives at any specific time. Thus, it may not be possible to close a futures position or other exchange-traded derivatives. In the event of adverse price movements, a Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Fund has insufficient cash, it may have to sell portfolio securities short to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, a Fund may be required to make delivery of the instruments underlying futures contracts or other exchange-traded derivatives it holds.

The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge a Fund.

The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit if the contract were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract. The relevant Fund also assumes the risk that the Investment Manager will incorrectly predict future stock market trends.

It is also possible that a Fund could both lose money on futures contracts and also experience a decline in value of its portfolio securities. There is also a risk of loss by a Fund of margin deposits in the event of bankruptcy of a broker with whom a Fund has an open position in a futures contract or related option.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or futures market may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. This constraint could prevent the Investment Manager from promptly liquidating unfavourable positions and subject a Fund to substantial losses. This could also impair a Fund’s ability to withdraw its investments in order to make distributions to a redeeming Shareholder in a timely manner. Therefore, although the Company is open to all classes of investors and while it is anticipated that these investments made by the Company on behalf of a Fund will enable it to satisfy redemption requests for that Fund, such Fund may be more suitable for sophisticated investors that will not be materially impacted by postponements of a Fund’s normal redemption dates.

**Particular Risks of OTC FDI**

**(a) Absence of Regulation; Counterparty Default**

In general, there is less government regulation and supervision of transactions in the over-the-counter markets than of transactions entered into on organised exchanges. In addition, many of the protections afforded to some participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, might not be available in connection with transactions in OTC FDI. Therefore, although any counterparty with whom a Fund enters into an OTC FDI transaction will be rated at or in

excess of the requirements of the Central Bank by a Recognised Rating Agency and the Fund may further reduce its exposure to the counterparty through the use of collateral, the Fund will be subject to the risk that the counterparty will not perform its obligations under the transactions. In the event that the counterparty is unable or unwilling to meet its contractual liabilities, there may be a limited but detrimental impact on the Fund.

**(b) Tax**

There may also be a detrimental impact on a Fund in circumstances where there has been a change in the relevant taxation legislation or practice, regarding the OTC FDI in which the Fund has invested, whereby an unforeseen tax liability may have to be borne by the Fund. There is also a risk of loss due to the unexpected application of a law or regulation and in particular a change in a local tax law that triggers additional costs that may become payable by the Fund and such costs may, in effect, apply retroactively and this could subject the Fund to charges relating to investments in warrants, notes, options and other OTC FDI made several years previously.

**(c) Legal**

Unlike exchange-traded options, which are standardised with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC FDI, are generally established through negotiation with the other party to the instrument. While this type of arrangement allows a Fund greater flexibility to tailor the instrument to its needs, OTC FDI may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if OTC FDI are deemed not to be legally enforceable or are not documented correctly.

There also may be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for a Fund to enforce its contractual rights may lead the Fund to decide not to pursue its claims under the OTC FDI. The Fund thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, that those payments may be delayed or made only after the Fund has incurred the costs of litigation.

**(d) Forward Contracts**

The Investment Manager may enter into forward contracts and options thereon on behalf of a Fund which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom a Fund may maintain accounts may require the relevant Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Funds' counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of a Fund. Market illiquidity or disruption could result in major losses to a Fund. In addition, a Fund may be exposed to credit risks with regard to counterparties with whom they trade as well as risks relating to settlement default. Such risks could result in substantial losses to a Fund.

**(e) Valuation Risk**

Derivative instruments and forward exchange contracts which are not dealt on a Recognised Market shall be valued by the counterparty at least daily, provided that the valuation is verified at least weekly either by the Investment Manager or other independent party such person to be independent of the counterparty and approved for that purpose by the Depositary.

Investors should note that there is often no single market value for instruments such as OTC FDI. The discrepancies between bid offer spread on OTC FDI may be partly explained by various estimates on

their pricing parameters. The Company has put procedures in place to reconcile any differences in valuation between the counterparties as well as pricing anomalies.

**Securities Financing Transactions Risk**

The use of securities financing transactions may result in greater returns but may generate greater risk for a Fund. Securities financing transactions create counterparty risk if the counterparty to the securities financing transaction defaults on its obligation to return assets equivalent to the ones provided to it by a Fund and liquidity risk if a Fund is unable to liquidate collateral provided to it to cover a counterparty default. Furthermore, there is a risk that cash collateral received by a Fund and invested in short term money market funds in accordance with the Central Bank UCITS Regulations may be adversely affected by negative yields.

**Securities Lending Risk**

A Fund may engage in a securities lending programme. In order to mitigate the credit risk exposure to the counterparties to any securities lending contract, the lending of a Fund's securities must be covered by high quality and liquid collateral received by a Fund under a title transfer arrangement with a market value at all times at least equivalent to the market value of a Fund's securities lent plus a premium. The risks of securities lending include the risk that a borrower may not provide additional collateral when required or may not return the securities when due. A default by the counterparty combined with a fall in the value of the collateral below that of the value of the securities lent may result in a reduction in the value of a Fund. To the extent that any securities lending is not fully collateralised (for example, due to timing issues arising from payment lags), a Fund will have a credit risk exposure to the counterparties to the securities lending contracts. Investors should note that a limitation on the maximum level of securities lending arrangements by a Fund, at a time when demand for securities lending exceeds those maximum levels, may reduce potential income that a Fund could achieve.

**Tracking Error Risks**

The tracking error is the annualised standard deviation of the difference between the returns of a Fund and the Index it is intended to track.

While a Fund, in accordance with its investment objective as set out in the relevant Fund Supplement, may seek to track the performance of its Index, whether through a replication or optimising strategy, there is no guarantee that it will achieve perfect tracking and the Fund may be subject to tracking error risk, which is the risk that its returns may, from time to time, not track exactly those of its Index.

Where a Fund offers multiple Classes of Shares, that Fund's anticipated tracking error will be represented by that of the Base Currency (unhedged) Class of Shares. Shareholders should note that the tracking error of a Fund's Base Currency (unhedged) Class of Shares may differ to that of other Share Classes offered in the same Fund

A series of factors may give rise to a tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of a Fund and re-weightings of the relevant Index, corporate actions, cash flows into and out of a Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- A Fund's inability to hold the exact constituents of its Index, for example, where there are local market trading restrictions, small illiquid components, a temporary unavailability, suspension or interruption in trading of certain securities comprising a Fund's Index, market disruptions, or in order to meet a Fund's ESG criteria or categorisations and/or where the UCITS Regulations or other legal restrictions limit exposure to the constituents of the Fund's Index.

- For Funds categorised as Article 8 or Article 9 SFDR Funds, not being able to hold a security in its Index due to having to comply with a restriction applicable to the Fund as a result of its ESG categorisation which was not applied by the Index Provider (whether intentionally or by error) to the Index as constituted by the Index Provider.

- For liquidity purposes, a Fund may hold a portion of its assets in cash and such cash holdings will not rise and fall in line with movements in its Index.

- The Company relies on Index licences granted by third party Index Providers to use and track the Index of a Fund. In the event that an Index Provider terminates or varies an Index licence, it will affect the ability of the impacted Fund to continue to use and track its Index and to meet its investment objective. In such circumstances, in order to meet its investment objective, a Fund may also gain exposure to its Index through investment in other financial instruments including FDI in accordance with the Fund's investment policy.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons (as detailed in section: INVESTMENT RESTRICTIONS - Other Restrictions)

or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Where a Fund's Index is to be rebalanced and the Fund seeks to rebalance its portfolio accordingly, the Fund may experience tracking error where the rebalancing of the Fund's portfolio does not maintain an exact or simultaneous alignment, whether on a replicating or an optimised basis, with the Index. For example, a Fund may require time to complete the implementation of its rebalance after the rebalance of its Index. In addition, a Fund which tracks an Index with ESG objectives or characteristics may experience a deviation from the ESG performance of its Index.

Regardless of market conditions, a Fund aims to track the performance of its Index and does not seek to outperform the Index.

There is no guarantee that the investment objective of a Fund will be achieved. In particular, no financial instrument enables the returns of the relevant Index to be reproduced exactly.

**Risks associated with investment in the People's Republic of China**

***Chinese Markets Risk***

Investing in emerging markets such as the PRC subjects a Fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Investors should be aware that for more than 50 years, the Chinese government has adopted a planned economic system. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Such reforms have resulted in significant economic growth and social progress.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that such exchange rate will not fluctuate widely against the USD, HKD or any other foreign currency in the future. Any appreciation of RMB will increase the value of any dividends that a Fund may receive from its PRC investments and the value of investments, which will be reported in the currency, and vice versa.

Many of the economic reforms in China are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in the companies in China.

The national regulatory and legal framework for capital markets and joint stock companies in China is not well developed when compared with those of developed countries.

The Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future.

Investments in China will be sensitive to any significant change in political, social or economic policy in China. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the relevant Funds, and the abilities of such companies to make payment of dividends declared in respect of the shares in the China companies.

***Accounting and Reporting Standards***

PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared by accountants following the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors which may result in non-disclosure of certain material information of the investee entities the Investment Manager invest in for the account of a Fund.

As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, disclosure of certain material information may not be made, and less information may be available to the Investment Manager and other investors.

***Taxation in the PRC***

The Investment Manager may decide to make or not to make any tax provisions in respect of a Fund. Even if tax provisions are made, such provisions may be more than or less than a Fund's actual PRC tax liabilities and it is possible that such tax provisions made by the Investment Manager may be insufficient. In case of a difference between a Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the relevant Fund may/may not be adversely affected and the impact/degree of impact on individual shareholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Shareholders subscribed for and/or redeemed their Shares in the Fund.

Any tax provision, if made by the Investment Manager, will be reflected in the NAV of the relevant Fund at the time of debit or refund and thus will only impact on Shares which remain in such Fund at that time. Shares which are redeemed prior to such time will not be affected by any debit of insufficient tax provisions. Likewise, such Shares will not benefit from any refund of excess tax provisions. Investors should note that no shareholders who have redeemed their Shares in a Fund before the distribution of any excess provision shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to the Fund, which amount would be reflected in the value of Shares in the Fund. In the event the Investment Manager considers it necessary to adopt any tax provision (whether in respect of the PRC Enterprise Income Tax Law or any other applicable tax regulation/laws in the PRC) on a retrospective basis, the prevailing and/or future NAV of the Fund may be negatively impacted. The magnitude of such potential negative impact on the performance of the relevant Fund may not correspond to the gains over an investor's holding period due to the retrospective nature.

The Investment Manager will review and make adjustments to its tax provision policy as and when it considers necessary from time to time and as soon as practicable upon issuance of further notices or clarification issued by the PRC tax authority in respect of the application of the PRC Enterprise Income Tax and/or any other applicable tax regulations/laws and the respective implementation rules.

There is a possibility that the current tax laws, rules, regulations and practice in Mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any increased tax liabilities on the relevant Fund may adversely affect the Fund's net assets and may reduce the income from, and/or the value of, the relevant investments in the Fund.

*Direct investment in China A-shares via Stock Connects*

On 14 November 2014, the PRC Ministry of Finance, State Administration of Taxation (the "SAT") and CSRC jointly published a notice in relation to the taxation rule on the Shanghai Stock Connect under Caishui 2014 No.81 ("Notice No. 81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as a Fund) on the trading of China A-shares through Shanghai Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as a Fund) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. Where a Hong Kong investor is a tax resident of another country, the income tax rate on dividend and/or bonus shares at 10% may apply for a reduced tax rate according to tax treaty entered between the country and PRC. Pursuant to the notice Caishui [2016] No. 36 ("Notice No. 36") issued jointly by the SAT and the Ministry of Finance in March 2016 effective from 1 May 2016, PRC Value-added Tax ("VAT") replaced PRC Business Tax ("BT") to cover all sectors that used to fall under the PRC BT. Gains derived by Hong Kong Market investors from trading of China A-shares listed on the Shanghai Stock Exchange are exempted from VAT.

In addition, pursuant to the "Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shenzhen and Hong Kong Stock Markets" notice Caishui 2016 No.127 promulgated by the Ministry of Finance, the SAT and the CSRC on 5 November 2016, under the BT to VAT transformation pilot program, gains derived by Hong Kong Market investors from trading of China A-shares listed on the Shenzhen Stock Exchange will also be exempted from VAT.

Based on notices above and based on professional and independent tax advice, a Fund will not make any tax provision on gross realised or unrealised capital gains derived from trading of China A-shares via Shanghai and Shenzhen Stock Connects. A Fund may further modify their tax provision policies based on new developments and interpretation of the relevant PRC tax regulations/laws in the PRC.

*Indirect investment in China A-shares via CAAPs*

On 14 November 2014, the PRC Ministry of Finance, the SAT and CSRC jointly published a notice in relation to the taxation rule on RQFII under Caishui 2014 No.79 ("**Notice No. 79**"). Under Notice No.79, (i) Corporate income tax, will be temporarily exempted on gains derived by RQFIIs from the transfer of domestic shares and other equity interest investment in China with effect from 17 November 2014; and (ii) corporate income tax shall be imposed on such gains earned by RQFIIs before 17 November 2014 in accordance with the tax laws. The relevant dividends and/or bonus shares derived by RQFIIs are subject to tax at 10% (unless exempt or reduced under specific tax circulars or relevant tax treaty), which will be withheld and paid to the relevant authority by the listed companies.

Notice No. 79 is applicable for RQFIIs without any establishment or place in China or the income derived by the RQFIIs are not effectively connected with their establishment or place in China.

Also pursuant to Notice No. 36 and No.70, gains derived by RQFII from securities trading carried out domestically are exempted from VAT.

Based on notices above and based on professional and independent tax advice, a Fund will not make any tax provision on gross realised or unrealised capital gains derived from trading of China A-shares via CAAPs issued by RQFII license holders. A Fund may further modify its tax provision policy based on new developments and interpretation of the relevant PRC tax regulations/laws in the PRC.

*Direct investment in fixed income securities via Bond Connect*

*Corporate Income Tax ("**CIT**")* - Currently, in respect of debt securities, except for interests derived from

government bonds and local government bonds which are exempt from PRC CIT, a 10% withholding income tax is technically payable on interests derived from fixed income instruments issued and borne by PRC resident corporate entities (including those issued and borne by foreign enterprises but deemed as PRC tax resident) by a foreign investor which is deemed as a non-resident enterprise without permanent establishment in China for PRC CIT purposes. The entity distributing such interests is required to withhold such tax. If the foreign corporate investor is a tax resident of a country that has signed a tax treaty with China with a reduced treaty rate on interest income, it may submit a self-claim form (called record filing form) to enjoy the reduced PRC CIT rate under the tax treaty however, this is subject to post-submission review and discretion by the in-charge PRC tax authority.

Pursuant to Notice No. 36, interest income derived from bonds issued by PRC resident companies should technically be subject to 6% VAT plus surcharges from 1 May 2016, unless specifically exempted. Interest received from PRC government bonds and local government bonds are exempt from VAT.

Before the full transformation of BT to VAT, there was a lack of clarity under BT regulations but the SAT has interpreted that such interest income should be technically subject to 5% BT. However, in practice, the PRC tax authorities did not enforce the collection of BT. Under the VAT regime, Notice No. 36 provides that the PRC payer of such interest shall withhold VAT when paying such interest to non-resident recipients. However, in practice, the PRC payers have not withheld VAT and the PRC tax authorities have not enforced the collection of VAT on such interest. In November 2018, the Ministry of Finance ("**MOF**") and the State Taxation Administration of the People's Republic of China ("**STA**") jointly issued [Caishui [2018] No. 108] ("**Circular 108**") which provides that foreign institutional investors are exempted from Mainland China CIT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China onshore bond market. Then in November 2021 MOF and STA issued Public Notice ("PN") 34 to extend the tax exemption to 31 December 2025.

*Capital gains* - There are no specific tax rules governing the PRC CIT on capital gains derived by foreign investors from the trading of debt securities in the PRC.

On 8 November 2017, the People's Bank of China ("**PBOC**") released Operational Procedures for "*Overseas Institutional Investors to Enter China's Interbank Bond Market*" under which capital gains realized by overseas institutional investors through CIBM direct scheme is temporarily exempt from CIT.

In relation to trading debt securities via Bond Connect, no specific rule or guidance has currently been issued by the PRC tax authorities on the tax treatment. Consequently, the tax treatment is even less certain and so, in the absence of such specific rules, the expectation is that the PRC CIT treatment (or any other tax treatment) will be governed by the general tax provisions of the existing PRC domestic tax legislation.

Based on the current interpretation of the SAT and professional tax advice, the Company does not intend to provide for any PRC CIT in respect of the capital gains derived by a Fund from disposal of debt securities in the PRC. In light of the uncertainty on the CIT treatment on capital gains on debt securities trading in the PRC and for the purpose of meeting this potential tax liability of a Fund for capital gains from debt securities in the PRC, the Management Company reserves the right to provide for CIT (or any other tax) on such gains or income and withhold the tax from the account of a Fund based on new developments and interpretation of the relevant regulations (after taking professional tax advice).

Pursuant to Notice No. 36, gains realised from the trading of marketable securities in the PRC would generally be subject to VAT at 6% plus local surcharge, unless specifically exempted. Pursuant to Notice No. 70, which is a supplementary notice to Notice No. 36, gains realised by overseas institutional investors recognised by the PBOC from the trading of CIBM bonds are exempt from VAT. Pursuant to Notice No. 70, which is a supplementary notice to Notice No. 36, gains realised by overseas institutional investors recognised by the PBOC from the trading of CIBM bonds are exempt from VAT.

*VAT Surcharges* - If VAT is payable on interest income and/or capital gains, there are also surcharges (which include city construction and maintenance tax, education surcharge, local education surcharge) to be charged on top of the 6% VAT payable. There may also be other levies imposed in some locations. Pursuant to the new PRC Urban Maintenance and Construction Tax Law and MOF STA PN [2021] 28,

the VAT Surcharges (e.g. Urban Maintenance and Construction Tax, Educational Surcharge and Local Educational Surcharge) is no longer levied on the amount of VAT starting from 1 September 2021. Therefore no VAT surcharges on the debt securities interest/capital gain VAT (if any) paid by overseas investors starting from 1 September 2021.

***RMB Currency and Exchange Risk***

Investors should be aware of the fact that RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely accessible to any person or entity for any purpose.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' Home Currency will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

In calculating the value of the investments denominated in RMB, the Investment Manager will normally apply as appropriate the exchange rate for RMB traded outside or in Mainland China. The rate of the RMB traded outside Mainland China may be at a premium or discount to the exchange rate for RMB traded in Mainland China and there may be significant bid and offer spreads.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

In addition, there may be liquidity risk associated with RMB products, especially if such investments may not have an active secondary market and their prices subject to significant bid and offer spread.

***Chinese Equity Risk***

Investors should be aware of a number of special risk factors attendant on investment in emerging markets generally and the markets in China in particular.

Emerging markets can be significantly more volatile than developed markets, so that the price of shares may be subject to large fluctuations. The relevant Fund's investments are subject to changes in regulations and tax policies going forward as China has now joined the World Trade Organisation and engages in continuing market liberalisation.

The Chinese currency, the RMB, is not a freely convertible currency. The State Council's securities regulation body, the CSRC, also supervises the two official stock exchanges in China (the Shanghai Stock Exchange and the Shenzhen Securities Exchange) on which shares of Chinese issuers are listed in two categories, of which the "B" shares are quoted and traded in foreign currencies (currently Hong Kong Dollars and US Dollars) and are available to foreign investors.

The China "B" share market is relatively illiquid so that the choice of investments will be limited by comparison with that of major international stock exchanges.

Certain Funds may invest directly in securities quoted on the regulated stock exchanges in China and also in securities of companies listed in other stock exchanges which have substantial business or investment links in China. For this purpose, the Investment Manager will generally only invest in companies listed outside China where those companies are owned or controlled by Chinese interests, or where at least 40% of the earnings, production facilities, turnover, assets or investments of such companies are based in or derived from China.

Certain Funds may invest more than 5% of their net assets in China A-Shares which may be accessed by overseas investors via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong

Stock Connect, as detailed under (3) “Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect” of this section.

**China A-Shares Access Products**

A Fund may invest in CAAP linked to China A-shares in the PRC. Issuers of CAAP may deduct various charges, expenses or potential liabilities from the prices of the CAAP (including but not limited to any actual or potential tax liabilities determined by the CAAP issuer at its discretion) and such deduction is not normally refundable.

CAAPs may not be listed and are subject to the terms and conditions imposed by its issuer. These terms may lead to delays in implementing the Investment Manager's investment strategy. Investment in CAAPs can be illiquid as there may not be an active market in the CAAPs. In order to liquidate investments, a Fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs.

An investment in a CAAP is not an investment directly in the underlying investments (such as shares) themselves. An investment in the CAAP does not entitle the holder of such instrument to the beneficial interest in the shares nor to make any claim against the company issuing the shares.

A Fund will be subject to credit risk of the issuers of the CAAPs invested by the Fund. A Fund may suffer a loss if the issuers of the CAAPs invested by the Fund becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties.

**Risks Associated with the Stock Connects**

*Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect*

The aim of Stock Connect is to achieve mutual stock market access between the PRC and Hong Kong.

*Shanghai-Hong Kong Stock Connect*

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited ("HKEX"), Shanghai Stock Exchange ("SSE") and China Securities Depositary and Clearing Corporation Limited ("ChinaClear").

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including certain Funds which are authorised to), through its Hong Kong broker and a securities trading service company established by the Stock Exchange of Hong Kong ("SEHK"), may be able to trade eligible China A Shares listed on the SSE by routing orders to SSE.

Under the Shanghai-Hong Kong Stock Connect, a Fund, through its Hong Kong broker may trade certain eligible shares listed on the SSE. These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

1. SSE-listed shares which are not traded in RMB; and
2. SSE-listed shares which are included in the "risk alert board".

Trading is subject to rules and regulations issued from time to time. Trading under the Shanghai-Hong Kong Stock Connect is subject to a daily quota ("Daily Quota"). Northbound Shanghai Trading Link and Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shanghai-Hong Kong Stock Connect each day.

*Shenzhen-Hong Kong Stock Connect*

The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including certain Funds), through their Hong Kong broker and a securities trading service company established by SEHK, may be able to trade eligible China A Shares listed on the SZSE by routing orders to the SZSE.

Under the Shenzhen-Hong Kong Stock Connect, a Fund, through its Hong Kong brokers may trade certain eligible shares listed on the SZSE. These include any constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of RMB6 billion or above and all SZSE-listed shares of companies which have issued both China A Shares and H Shares. At the initial stage of the Northbound Shenzhen Trading Link, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

Trading is subject to rules and regulations issued from time to time. Trading under the Shenzhen-Hong Kong Stock Connect will be subject to a Daily Quota (unrelated to the Daily Quota of the Shanghai-Hong Kong Stock Connect). Northbound Shenzhen Trading Link and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect will be subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Shenzhen-Hong Kong Stock Connect each day.

- **The Stock Connects**

It is expected that the list of securities eligible for trading under the Stock Connects will be subject to review.

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly-owned subsidiary of HKEX, and ChinaClear will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by their respective market participants and investors (including certain Funds). The China A Shares traded through Stock Connects are issued in scripless form, and investors will not hold any physical China A Shares.

Although HKSCC does not claim proprietary interests in the SSE and SZSE securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise the Hong Kong Central Clearing and Settlement System ("**CCASS**") participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Under the Stock Connects, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE securities.

Further information about the trading fees and levies is available online at the website: www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm

In accordance with the UCITS requirements, the Depositary shall provide for the safekeeping of a Fund's assets in the PRC through its global custody network. Such safekeeping is in accordance with the conditions set down by the Central Bank which provides that there must be legal separation of non-cash assets held under custody and that the Depositary through its delegates must maintain appropriate internal control systems to ensure that records clearly identify the nature and amount of assets under custody, the ownership of each asset and where documents of title to each asset are located.

Further information about the Stock Connects is available online at the website:

www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en

In addition to risks regarding the Chinese market and risks related to investments in RMB, investments through the Stock Connects are subject to the following additional risks

*Quota Limitations*

The Stock Connects are subject to quota limitations. In particular, the Stock Connects are subject to a daily quota which does not belong to a Fund and can only be utilised on a first-come-first-served basis. Once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a Fund's ability to invest in China A Shares through the Stock Connects on a timely basis, and a Fund may not be able to effectively pursue its investment strategy.

*Legal / Beneficial Ownership*

The SSE and SZSE shares in respect of the relevant Funds are held by the Depositary / sub-custodian in accounts in the CCASS maintained by the HKSCC as central securities depositary in Hong Kong. HKSCC in turn holds the SSE and SZSE shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Stock Connects. The precise nature and rights of a Fund as the beneficial owner of the SSE and SZSE shares through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the relevant Funds under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE and SZSE shares will be regarded as held for the beneficial ownership of a Fund or as part of the general assets of HKSCC available for general distribution to its creditors.

*Suspension Risk*

Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, a Fund's ability to access the China A Share market will be adversely affected.

*Differences in Trading Day*

The Stock Connects only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but cannot carry out any China A Shares trading via the Stock Connects. A Fund may be subject to a risk of price fluctuations in China A Shares during the time when any of the Stock Connects is not trading as a result.

*Restrictions on Selling Imposed by Frontend Monitoring*

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

If a Fund intends to sell certain China A Shares it holds, it must transfer those China A Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Fund may not be able to dispose of its holdings of China A Shares in a timely manner.

*Operational Risk*

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis.

There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. A Fund's ability to access the China A Share market (and hence to pursue its investment strategy) may be adversely affected.

*Recalling of Eligible Stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Funds, for example, if the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

*Clearing and Settlement Risk*

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

In the remote event of a ChinaClear default, HKSCC's liabilities in SSE and SZSE shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, a Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

*No Protection by investor compensation fund*

Investment in SSE and SZSE shares via the Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers in their obligations. Investments of the relevant Funds are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of SSE and SZSE shares via Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore the Funds are exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connects.

*Regulatory Risk*

The current regulations relating to Stock Connects are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connects will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. The relevant Funds may be adversely affected as a result of such changes.

*Risks Associated with the Small and Medium Enterprise Board and/or ChiNext Market*

A Fund may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the

Shenzhen Stock Exchange via the Shenzhen-Hong Kong Stock Connect. Investments in the SME board and/or ChiNext market may result in significant losses for a Fund and its investors. The following additional risks apply:

*Higher fluctuation on stock prices*

Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the Shenzhen Stock Exchange.

*Over-valuation risk*

Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulations*

The rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

*Delisting risk*

It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted.

*Risks associated with Small-Capitalisation / Mid-Capitalisation Companies*

The stocks of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general

**Risks associated with the China Interbank Bond Market**

The China bond market is made up of the CIBM and the exchange listed bond market. The CIBM is an OTC market, executing the majority of the Chinese onshore bond trading. The main securities traded on the CIBM include government bonds, central bank papers, policy bank bonds and corporate bonds.

A Fund may invest in bonds traded on the CIBM via the Bond Connect (as defined below) and/or the CIBM Initiative (as defined below) as indicated in the relevant Supplement.

*Bond Connect*

Since July 2017, Bond Connect was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**") and Hong Kong Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by the People's Republic of China ("**PRC**") authorities. As at the date of this Prospectus, the rules and regulations that a Fund, intending to trade through Bond Connect, must abide by include:

1. appointing CFETS through Bond Connect Company Limited or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC; and
2. transacting via an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit).

There are currently no quota restrictions. Such rules and regulations may be amended from time to time.

There are no specific rules or guidelines issued by the mainland China tax authorities on the treatment

of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. The relevant Fund's tax liabilities for trading in CIBM via Bond Connect is uncertain.

*CIBM Initiative*

Since February 2016, PBOC has permitted foreign institutional investors to invest in the CIBM (the "**CIBM Initiative**") subject to complying with the applicable rules and regulations as promulgated by the PRC authorities, i.e., PBOC and State Administration of Foreign Exchange ("**SAFE**"). As at the date of the Prospectus, the rules and regulations that a Fund, intending to trade through the CIBM initiative, must abide by include:

1. appointing an onshore settlement agent who will be responsible for making relevant filings and account opening with relevant authorities.
2. generally only repatriating cash out of the PRC in a currency ratio approximately proportionate to the currency ratio of remitted cash into the PRC.

There are currently no quota restrictions. Such rules and regulations may be amended from time to time.

In addition to risks regarding the Chinese market set out in the Prospectus, investments in the CIBM are subject to the following additional risks:

*Market and Liquidity Risks*

Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. A Fund is therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of such PRC bonds may be large, and a Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

*Chinese Local Credit Rating Risk*

A Fund may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

*Counterparty and Settlement Risk*

To the extent that a Fund invests in the CIBM, that Fund may also be exposed to risks associated with settlement procedures and default of counterparties. There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by a Fund; payment by a Fund after delivery of security by the counterparty, or simultaneous delivery of security and payment by each party. Although the Investment Manager may endeavour to negotiate terms which are favourable to a Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, a Fund will sustain losses. The counterparty which has entered into a transaction with a Fund may default on its obligation to settle the transaction by delivery of the relevant security or by payment for value.

In the event that the relevant Chinese authorities suspend account opening or trading on the CIBM, a Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, that Fund may suffer substantial losses as a result.

*Operational Risk*

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. A Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

*Quasi-Government / Local Government Bond Risk*

A Fund may invest in securities issued by PRC quasi-government organizations. Investors should note that the repayment of debts issued by such organizations is typically not guaranteed by the PRC central government. It should be noted that local governments have also taken on debts in other forms, including issuing urban investment bonds through local government financing vehicles. Worsening financial conditions may lead to a default in the local government's debt obligations. Under the relevant PRC regulations, a local government may conduct debt issuance up to the limit prescribed by the State Council for the current year. Further, a local government is required to arrange for credit rating for the debts by a credit rating agency. Investors should note the limits of credit ratings in general and the relevant risks regarding credit ratings given by PRC local credit rating agencies.

*Regulatory Risk*

The CIBM is also subject to regulatory risks. The PBOC and the China Central Depositary & Clearing Co. may impose additional requirements on account opening or the trading / settlement flows of CIBM and therefore the CIBM account opening may be a prolonged process and also trading / settlement of CIBM may be subject to regulatory changes from time to time. As a result, a Fund's ability to invest in the CIBM could be limited and that Fund may be disadvantaged.

**ESG Scoring Risk**

The Company and the Investment Manager may rely on third parties to provide ESG scoring data where relevant. Therefore, the Company is subject to certain operational and data quality risks associated with reliance on third party screening providers and data sources. ESG data provided by third parties may not always be reliable, consistent or available and this may impact a Fund's ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

**SFDR categorisation and ESG data**

SFDR requires Funds to be categorised into three different categories;

- Funds which do not have sustainable investment as their objective or promote environmental and/or social characteristics (referred to as Article 6 Funds);
- Funds which promote environmental and/or social characteristics (referred to as Article 8 SFDR Funds); and
- Funds with sustainable investment as their investment objective (referred to as Article 9 SFDR Funds).

Article 8 and Article 9 SFDR Funds are subject to particular disclosure requirements, with the purpose of providing transparency to show how the Fund's environmental and/or social characteristics are met or how the sustainable investment objective is achieved.

HSBC Asset Management's investment process will use bespoke sustainability frameworks, to assess the investments to be made in line with the relevant Fund's SFDR categorisation as an Article 8 or Article 9 SFDR Fund. The Investment Manager will use all relevant information available to it to manage the Funds in line with the ESG characteristics or the stated sustainable investment objective.

The Investment Manager will aim to disclose as much information about the Fund's portfolio as possible

in order to provide as much transparency as it is able to about the alignment between the existing investments and the environmental and/or social characteristics promoted by the Fund or the Fund's sustainable investment objective.

## Integration of Sustainability Risks into Investment Decisions

**Integration of sustainability risks into investment decisions**

**SFDR Regulation**
As set out in the SFDR the Management Company is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Funds. A sustainability risk is defined in the SFDR as an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

The Management Company has adopted HSBC Asset Management's responsible investment policy and related Responsible Investment Policy Implementation Procedures (the "Policy") in relation to the integration of sustainability risks into investment decisions for the Funds. The Investment Manager integrates this on behalf of the Management Company and has adopted the Policy and therefore integrates sustainability risks into its investment decisions.

The Policy outlines HSBC Asset Management's approach to sustainable investing, focusing on the ten principles of the United Nations Global Compact ("UNGC"). The UNGC sets out key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The Investment Manager uses third party screening providers to identify companies with a poor track record in these areas of risk and, where potential sustainability risks are identified, the Investment Manager also carry out its own due diligence. Sustainability risks are monitored on an ongoing basis as part of the Investment Manager's portfolio management strategy generally.

The Investment Manager has a duty to act in the best long-term interests of Shareholders. The Investment Manager believe that sustainability risks can affect the performance of investment portfolios across companies, sectors, regions and asset classes through time. While each Fund has its own investment objective, the Investment Manager's goal is to provide Shareholders with competitive risk-adjusted returns over the long term. To achieve this, the Investment Manager will conduct thorough financial analysis and comprehensive assessment of sustainability risks as part of a broader risk assessment for each Fund, where relevant.
For more information, please refer to the Policy which can be found on HSBC Asset Management's website.

**Article 6 SFDR Funds**

All Funds that either do not promote environmental and/or social characteristics within the meaning of Article 8 of SFDR or do not state that they have a sustainable investment objective within the meaning of Article 9 of SFDR, are required to comply with the requirements of Article 6 of SFDR and are categorised and referred to as Article 6 SFDR Funds.

**Article 8 and 9 SFDR Funds**
All Funds that promote environmental and/or social characteristics or which have a sustainable investment objective are required to comply with Article 8 or Article 9 of SFDR respectively.

Additional Funds which promote environmental and/or social characteristics within the meaning of Article 8 of SFDR or Funds which have a sustainable investment objective within the meaning of Article 9 of SFDR may be established from time to time and will be included in this Prospectus.

**Further information is available for each Article 8 and Article 9 SFDR Fund within the relevant Fund Supplement and the Annex, as well as on HSBC Asset Management's website.**

**Likely impact of sustainability risks on returns**
Companies that adequately manage sustainability risks should be better placed to anticipate future sustainability risks and opportunities. This makes them more strategically resilient and therefore able to anticipate, and adapt to, the risks and opportunities in relation to sustainability on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying company or the competitiveness of the country issuing government bonds. Sustainability risks can materialise in various forms for the issuers or government securities or other investments/assets in which the Funds

invest, including (but not limited to) (i) reduced revenue due to shifts in customer preferences, negative impacts on the workforce, social unrest and decreased production capacity; (ii) increased operating/capital costs; (iii) write-off and early retirement of existing assets; (iv) loss of reputation due to fines and judgements and loss of license to operate; (v) the risk score (and market for) government bonds. These risks, together or individually, can potentially impact the returns of the Funds.

The likely impacts of sustainability risks on the returns of each Fund will also depend on each Fund's investments and the materiality of sustainability risks. The likelihood of sustainability risks arising in respect of a Fund should be mitigated by the Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. However, there is no guarantee that these measures will completely mitigate or prevent sustainability risks materialising in respect of a Fund. The likely impact on the return of a Fund from an actual or potential material decline in the value of an investment due to a sustainability risk will therefore vary and depend on several factors, including, but not limited to the type, extent, complexity, duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

**Passively managed Funds**
For Funds that are passively managed and hold securities included in the relevant index which they track, the index is required to represent an adequate benchmark for the market to which it refers. Each index is created by a third-party index provider (the "**Index Provider**"). As the strategy for the passively managed Funds is to track the relevant index, changes to the portfolios of the Funds are driven by changes to the index in accordance with its published methodology rather than by an active selection of securities by the Investment Manager. Accordingly, the Investment Manager does not exercise discretion to actively select/deselect securities. Therefore, for passively managed Funds that do not follow a sustainable index, the Investment Manager cannot integrate sustainability risks into the investment process. Even where the Fund uses an optimisation strategy to track the relevant index, ESG considerations may not be incorporated into the optimisation approach as the Fund's objective is to replicate the performance of the relevant index and decisions driven by ESG factors could be less effective in achieving this goal.

To the extent that a passively managed Fund promotes ESG characteristics or has sustainable investment as an objective, the relevant Index Provider's methodology will include an assessment of individual companies/issuers against ESG criteria, including consideration of sustainability risks. Therefore, the Investment Manager cannot directly integrate sustainability risks into the investment process. However, when a passively managed Fund promotes ESG characteristics or has sustainable investment as an objective, the relevant Index Provider's methodology for determining the constituents of the index will be evaluated. This is to ensure that the index is consistent with the promotion of ESG characteristics or the sustainable objective of the Fund.

For further information on how ESG criteria are incorporated into the Index methodology, please refer to the description of the Index Provider's methodology on its website which can be found in the relevant Supplement.

**Actively managed Funds**
All current actively managed Funds integrate consideration of sustainability risks in the investment decision-making process. The Investment Manager integrates sustainability risks by identifying ESG factors that could have a material financial impact on the performance of an investment. Exposure to sustainability risk does not necessarily mean that the Investment Manager will refrain from taking or maintaining a position in an investment. Rather, the Investment Manager will consider the assessments of sustainability risks, together with other material factors, in the context of the investee company or issuer and the investment objective and policy of the Fund.

**Funds investing in financial derivative instruments and securities lending**
Some Funds may invest in financial derivative instruments and therefore, sustainability risks are harder to factor in as the Funds as they are not directly investing in the underlying asset. Currently, no ESG integration methodology can be applied for the financial derivative instruments or in the securities lending arrangements which may be utilised, but the Investment Manager is exploring how such a methodology can be applied.
**Consideration of principal adverse impacts**

SFDR requires the Management Company to determine whether it considers the principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The Investment Manager implements this consideration on behalf of the Management Company. The Investment Manager is supportive of the aim of this requirement, which is to improve transparency to investors and the market generally as to how the PAIs of investment decisions on sustainability factors are considered.

For actively managed Article 8 and Article 9 Funds the Investment Manager is able to consider principal PAIs and evaluates a range of PAI indicators in accordance with the regulatory technical standards underpinning SFDR. In the case of actively managed Article 6 Funds, the Investment Manager does not consider PAIs in the investment strategy, as these Funds do not have an explicit ESG strategy. The individual PAIs which are considered by each Article 8 and Article 9 Fund are detailed in the relevant Annex for the relevant Fund. Information on how PAIs were considered will be included in the Company's annual accounts.

For passively managed Article 8 and Article 9 Funds, the Investment Manager is able to consider PAIs and evaluates a range of PAI indicators where they are an integral part of the index construction. In the case of passively managed Article 6 Funds, the Investment Manager does not consider PAIs as part of the investment strategy, as these Funds do not have an explicit ESG index to track. For passively managed Article 8 and 9 Funds, where the mandatory indicators as set out in Table 1 of the SFDR are considered as an integral part of the index construction, the relevant information will be included in the relevant Annex for the relevant Fund (for more information see the section above on passively managed products). Information on how PAIs were considered by a Fund will be included in the Company's annual accounts.

## TAXONOMY REGULATION

The Taxonomy Regulation was established to provide an EU-wide classification system which provides investors and investee companies with a common language to identify whether certain economic activities can be considered environmentally sustainable.

The Taxonomy Regulation introduces additional disclosure requirements in respect of Article 8 and Article 9 SFDR Funds, which are identified in Appendix A to the Prospectus. For Article 6 SFDR Funds, the Investment Manager does not take into account the EU criteria for environmentally sustainable economic activities and therefore these disclosure requirements do not apply to Article 6 SFDR Funds. However, as disclosed above in the section "Integration of sustainability risks into investment decisions", the Investment Manager integrates sustainability risk considerations into the management of these Funds.

Under the Taxonomy Regulation, an economic activity will be considered to be environmentally sustainable where it:

1. contributes substantially to one or more defined environmental objectives;
2. does not significantly harm any of the environmental objectives;
3. complies with certain minimum social safeguards; and
4. complies with specified performance thresholds known as technical screening criteria.

For points 1 and 2 above, the Taxonomy Regulation defines the environmental objectives into six areas of sustainable investments:

- climate change mitigation; and
- climate change adaptation.
- sustainable use and protection of water and marine resources;

- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

From 1 January 2022, the Taxonomy Regulation is limited in its application to only to the first two environmental objectives – climate change mitigation and climate change adaptation, as defined under the Taxonomy Regulation. The remaining four environmental objectives are anticipated to apply during the second half of 2023

Some of the Company's Funds may make investments that the Investment Manager considers contribute to the environmental objectives of the Taxonomy Regulation.

Furthermore, some of the Company's Funds may also make environmentally sustainable investments that do not qualify as environmentally sustainable under the Taxonomy Regulation.

For any Funds that intend to make investments in activities that contribute to the two environmental objectives of the Taxonomy Regulation relating to climate change mitigation and climate adaptation, information on how the relevant Fund intends to invest in environmentally sustainable investments contributing to these environmental objectives is described in the relevant Annex for the relevant Fund.

The investments underlying the Article 6 SFDR Funds do not take into account the EU criteria for environmentally sustainable economic activities.

## Distribution and Selling Restrictions

The distribution of this Prospectus and the offering or purchase of Shares may be restricted in certain jurisdictions. This Prospectus does not constitute and may not be treated as an offer or solicitation by or to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction.

Shares are offered only on the basis of the information contained in this Prospectus. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation in connection with the offering of Shares other than those contained in this Prospectus for the Company and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Management Company or the Investment Manager. Statements in this Prospectus are in accordance with the law and practice in force in Ireland at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall, under any circumstances, create any implication or constitute any representation that the affairs of the Company have not changed since the date hereof.

This Prospectus may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus. To the extent that there is any inconsistency between the English language Prospectus and the Prospectus in another language, this English language Prospectus will prevail, except, to the extent (but only to the extent) required by law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus on which such action is based shall prevail. All disputes as to the contents of this Prospectus shall be governed in accordance with the laws of Ireland.

**This Prospectus does not constitute, and may not be used for, a solicitation of an offer to purchase Shares by any "US Person". The Directors will decline to register a subscription request or transfer of Shares if the transfer is on the behalf of or for the benefit of a "US Person". Prospective investors should read the section "Transfer of Shares", "Subscriptions by and**

**Transfers to US Persons" for more information. When the Company becomes aware that a Shareholder is (a) US person or is holding Shares for the account or benefit a US Person, whether held directly on the register or via a nominee, the Directors will direct the Shareholder to dispose of the Shares. Prospective investors should read the section "Mandatory Redemption of Shares" for more information. A non-US Person who invests through a US nominee will only be considered a non-US Person if the decision making process takes place off-shore.**

**RESTRICTIONS ON OFFERS AND SALES TO US PERSONS**

Shares of the Company may not be offered or sold to any "US Person". For the purposes of this restriction, the term US Person shall mean the following:

An individual (including a US Citizen or Green Card Holder) who:

- is a resident of the US under any US Law;
- An individual who is a US Citizen or Green Card Holder who has not formally renounced their US citizenship (including a person with dual or multiple nationality) even though they may reside outside of the US;
- A corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal entity:
  - Created or organised under US Law; and
  - Created (regardless of domicile of formation or organisation) principally for passive investment (for example an investment company, fund or similar entity excluding employee benefit or pension plans); and
  - Owned directly or indirectly by one or more US Persons who hold, directly or indirectly, in aggregate a 10% or greater beneficial interest, provided that any such US Person is not defined as a Qualified Eligible Person under CFTC Regulation 4.7(a)
  - Where a US Person is the general partner, managing member, managing director or other position with authority to direct the entity's activities;
  - Where the entity was formed by or for a US Person principally for the purpose of investing in securities not registered with the SEC unless such entity is comprised of Accredited Investors as defined in Regulation D, 17 CFR 230.501(a), and no such Accredited Investors are individuals or natural persons; or
  - Where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by US Persons;That is an agency or branch of a non-US entity located in the US; or That has its principal place of business in the US.

- A trust created or organised under US Law, or where, regardless of domicile of formation or organisation:
  - Any settler, founder, trustee, or other person responsible in whole or in part for investment decisions for the trust is a US Person; the administration of the trust or its formation documents are subject to the supervision of one or more US courts; or
  - The income of which is subject to US income tax regardless of source.

- An estate of a deceased person who was a resident of the US at the time of death or the income of which is subject to USs income tax regardless of source, or where regardless of the deceased person's residence while alive, an executor or

administrator having sole or shared investment discretion is a US Person or the estate is governed by US Law.

- An employee benefit or pension plan that is established and administered in accordance with US Law, or established for employees of a legal entity that is a US Person or has its principal place of business in the US.

- A discretionary or non-discretionary or similar account (including a joint account) where one or more beneficial owners is a US Person or held for the benefit of one or more US Persons, or the discretionary or similar account is held by a dealer or fiduciary organised in the US.

If, subsequent to a shareholder's investment in the Company, the shareholder becomes a US Person, such shareholder (i) will be restricted from making any additional investments in the Company and (ii) may have its shares compulsorily redeemed by the Company (subject to the requirements of applicable law).

Capitalised terms used in this section of the Prospectus and not otherwise defined herein shall have the following meaning:

"Green Card Holder" means an individual who is a US permanent resident (even if they do not actually reside in the US);

"Non-resident US Investor" means a US Citizen (including a Green Card Holder) of the US who resides outside the US.

"US" means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction.

"US Citizen" means an individual born in the US or an individual whose parent is a US citizen or a former alien who has been naturalised as a US Citizen.

"US Law" means the laws of the US, its territories, possessions and all other areas subject to its jurisdiction. US Law shall additionally include all applicable rules and regulations, as supplemented and amended from time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission and the Commodity Futures Trading Commission. All references to legislation within this procedure are to US Law.

The Company may, from time to time, waive or modify the above restrictions.

**RESTRICTIONS ON OFFERS AND SALES TO CANADIAN RESIDENTS**

The Shares described in this Prospectus may be distributed in Canada exclusively through HSBC Global Asset Management (Canada) Limited by way of exempt distribution to accredited investors as defined in National Instrument 45-106 - Prospectus and Registration Exemptions who qualify as permitted clients under National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligation. This Prospectus may not be used to solicit, and will not constitute a solicitation of, an offer to buy shares in Canada unless such solicitation is made by HSBC Global Asset Management (Canada) Limited.

## Directory

**HSBC ETFs PLC**
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IFSC
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Telephone: +353 1 649 2000

**Directors of HSBC ETFs PLC**
Suzanne Williams
Eimear Cowhey
Feargal Dempsey
Anthony Jeffs
Peter Blessing
Simon Fryatt

**Directors of the Management Company:**
Timothy Caverly
Cecilia Lazzari
Richard Long
Natasha Cork
Edmund Stokes
Susanne Van Dootingh

**Management Company and Global Distributor:**
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L-1821 Luxembourg

**Depositary:**
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1 Grand Canal Square
Grand Canal Harbour
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**Investment Manager and UK Representative:**
HSBC Global Asset Management (UK) Limited
8 Canada Square
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**Administrator:**
HSBC Securities Services (Ireland) DAC
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
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**Auditors:**
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One Harbourmaster Place
IFSC
Dublin 1
Ireland

**Legal Advisers as to Irish law:**
Arthur Cox LLP
Ten Earlsfort Terrace
Dublin 2
Ireland

**Secretary:**
Goodbody Secretarial Limited
3 Dublin Landings
North Wall Quay
IFSC
Dublin 1
Ireland

**Listing Sponsor:**
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

## HSBC ETFs PLC

### INTRODUCTION

HSBC ETFs PLC is an open-ended investment company with variable capital which was incorporated in Ireland on 27 February 2009 under registration number 467896 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations on 15 June 2009.

The object of the Company, as set out in Clause 2 of the Memorandum, is the collective investment in transferable securities and other liquid financial assets of capital raised from the public, operating on the principle of risk spreading in accordance with the UCITS Regulations. All holders of Shares are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Memorandum and Articles of Association of the Company, a summary of which is set out in this document and copies of which are available as described in the "**Documents for Inspection**" section of this Prospectus.

The Company has been structured as an umbrella fund with segregated liability between sub-funds, in that the Directors may from time to time, with the prior approval of the Central Bank, issue different series of Shares representing separate portfolios of assets. The assets of each Fund will be invested in accordance with the investment objective and policies applicable to such Fund as specified in the relevant Fund Supplement. Although each Fund will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all of the liabilities of the Company. Please refer to Appendix A for a list of the current Funds of the Company.

Under the Articles, the Directors are required to establish a separate Fund, with separate records, for each series of Shares in the following manner:

(a) the Company will keep separate books and records of account for each Fund. The proceeds from the issue of each series of Shares will be applied to the Fund established for that series of Shares, and the assets and liabilities and income and expenditure attributable thereto will be applied to such Fund;

(b) any asset derived from another asset comprised in a Fund will be applied to the same Fund as the asset from which it was derived and any increase or diminution in value of such an asset will be applied to the relevant Fund;

(c) in the case of any asset which the Directors do not consider as readily attributable to a particular Fund or Funds, the Directors and/or the Management Company have the discretion to determine, with the consent of the Depositary, the basis upon which any such asset will be allocated between Funds and the Directors may at any time and from time to time vary such basis;

(d) any liability will be allocated to the Fund or Funds to which in the opinion of the Directors it relates or if such liability is not readily attributable to any particular Fund the Directors will have discretion to determine, with the consent of the Depositary, the basis upon which any liability will be allocated between Funds and the Directors may at any time and from time to time vary such basis;

(e) the Directors may, with the consent of the Depositary, transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (d) above or in any similar circumstances; and

(f) where the assets of the Company (if any) attributable to the Subscriber Shares give rise to any net profit, the Directors may allocate assets representing such net profits to such Fund or Funds as they may deem appropriate.

Shares of any particular series may be divided into different Classes to accommodate different subscription and/or redemption charges and/or charges and/or dividend and/or fee arrangements.

## THE SHARE CAPITAL

The authorised share capital of the Company is 500,000,300,002 Shares of no par value divided into 2 Subscriber Shares of no par value, 300,000 Capitalisation Shares of no par value and 500,000,000,000 Shares of no par value. The Directors are empowered to issue up to 500,000,000,000 Shares of no par value in the Company on such terms as they think fit.

The Subscriber Shares, which are held by the Investment Manager and its nominees, entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. The Capitalisation Shares, entitle the holders to attend and vote at general meetings of the Company but do not entitle the holders to participate in the profits or assets of the Company except for a return of capital on a winding-up. The Shares entitle the holders to attend and vote at general meetings of the Company and to participate equally (subject to any differences between fees, charges and expenses applicable to different Classes of Shares) in the profits and assets of the Company. The Subscriber Shareholders shall have one vote for each Subscriber Share held. The Capitalisation Shareholders shall have one vote for each Capitalisation Share held.

From time to time, a HSBC entity may hold Shares as part of the initial investment in a Fund which will allow HSBC to support the operations of the Fund in its early existence prior to material external investment. As the Net Asset Value of the Fund increases, HSBC reserves the right to redeem such Shares but will do so taking into account the best interests of the remaining Shareholders.
The Company may from time to time by ordinary resolution increase its capital, consolidate the Shares or any of them into a smaller number of Shares, sub-divide the Shares or any of them into a larger number of Shares or cancel any Shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

## VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class of Shares, all votes shall be cast by a show of hands, with every holder of Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative shall have one vote at the relevant Shareholder meeting unless a poll is demanded by the Chairman or by any Shareholder present in person or by proxy. On a poll, subject to any special rights or restrictions for the time being attached to any Class of Shares, each Shareholder shall be entitled to such number of votes as shall be produced by dividing the aggregate net asset value of that Shareholder's shareholding (expressed or converted into US$ and calculated as of the relevant record date) by one. The "relevant record date" for these purposes shall be a date being not more than thirty (30) days prior to the date of the relevant general meeting or written resolution as determined by the Directors. In relation to a resolution which in the opinion of the Directors gives or may give rise to a conflict of interest between the Shareholders of any series or Class, such resolution shall be deemed to have been duly passed only if, in lieu of being passed through a single meeting of the Shareholders of such series or Class, such resolution shall have been passed at a separate meeting of the Shareholders of each such series or Classes.

## VARIATION OF SHAREHOLDERS RIGHTS

Under the Articles, the rights attached to each series or Class of Share may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that series or Class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that series or Class. The rights attaching to any series or Class of Shares shall not be deemed to be varied by the creation or issue of further Shares ranking *pari passu* with Shares already in issue, unless otherwise expressly provided by the terms of issue of those Shares. The provisions of the Articles relating to general meetings shall apply to every such separate general meeting except that the necessary quorum at such a meeting shall be two persons present in person or by proxy holding Shares of the series or Class in question or, at an adjourned meeting, one person holding Shares, of the series or Class in question or his proxy. Major Shareholders will not be entitled to voting rights different from other Shareholders in accordance with the Memorandum and Articles of Association of the Company.

## INVESTMENT OBJECTIVE AND POLICIES

The Company has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The investment objectives and policies for each Fund will be set out in the relevant Fund Supplement. Unless disclosed otherwise in the relevant Fund Supplement, typical investors are expected to be retail and institutional investors seeking returns over the medium term with a low degree of risk.

The assets of each Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised in "**Investment Restrictions**" below and such additional investment restrictions, if any, as may be adopted by the Directors for any Fund and specified in the relevant Fund Supplement.

Unless otherwise stated in the Fund Supplement, each Fund will seek to replicate the performance of an Index while minimising as far as possible the tracking error between the Fund's performance and that of the Index. Each Fund that seeks to track an index will seek to achieve this objective by holding a portfolio of Index Securities and using an investment strategy of Replication or Optimisation or other strategy, as determined to be the most appropriate strategy for the particular Fund by the Investment Manager and the relevant Fund Supplement will specify and describe the strategy employed. The Index Securities in which a Fund invests will be traded or dealt in on one of the Recognised Markets set out in Schedule I. Any change in the investment objectives and any material change in the investment policies of a Fund will require approval by ordinary resolution of the Shareholders in that Fund. In the event of a change of investment objectives and/or the investment policy, a reasonable notification period will be provided by the Fund to enable Shareholders to redeem their Shares prior to implementation of the change. Any determination by the Directors that a particular Fund should track another Index at any time shall be subject to the provision of reasonable notice to Shareholders to enable any Shareholders who wish to do so to redeem their Shares prior to implementation of this change and the relevant Fund Supplement will be updated accordingly.

Changes to the composition and/or weighting of the securities constituting the Index which is tracked by a Fund will ordinarily require that Fund to make corresponding adjustments or rebalancings to its investments in order to seek to track the Index. The Investment Manager will accordingly seek to rebalance the composition and/or weighting of the securities held by a Fund from time to time to the extent practicable and possible to conform to changes in the composition and/or weighting of Index Securities. Other rebalancing measures may be taken from time to time to seek to maintain the correspondence between the performance of a Fund and the performance of the Index.

The Investment Manager will rely solely on each Index Provider for information as to the composition and/or weighting of the Index Securities within each Index. If the Investment Manager is unable to obtain or process such information in relation to any Index on any Business Day, then the most recently published composition and/or weighting of that Index will be used for the purpose of all adjustments.

Notwithstanding the foregoing provisions, the Directors may establish Funds that will seek to track an Index by investing in financial derivative instruments or by investing in a combination of Index Securities, transferable securities other than Index Securities and financial derivative instruments. The Directors may also establish Funds that will not seek to track an Index. In each case, information in relation to the proposed investment strategy will be set out in the relevant Fund Supplement.

Shareholders should note that it may not be possible, practicable or desirable for a Fund to purchase all of the Index Securities of its respective Index in their proportionate weightings or to purchase them at all due to various factors, including the costs and expenses involved. It is intended to select only indices that will comply with the investment restrictions described herein. In these circumstances, the Investment Manager of a Fund may decide to hold a representative sample of the Index Securities selected by it. There may also be instances where the Fund holds securities which are not component securities in the Index, if the Investment Manager believes this to be appropriate. Each Fund may also use financial derivative instruments for efficient portfolio management and/or investment purposes, where disclosed in the relevant Fund Supplement. Each Fund may, if disclosed in the relevant Fund Supplement, also invest in other collective investment undertakings (including undertakings linked by common management or control) and hold ancillary liquid assets, in each case subject to the restrictions set out in the "**Investment Restrictions**" section of this Prospectus.

## INVESTMENT RESTRICTIONS

The assets of each Fund will be invested in accordance with the investment restrictions contained in the UCITS Regulations which are summarised below and such additional investment restrictions, if any, as may be adopted by the Directors and further details in relation to which will be set out in the relevant Fund Supplement.

1 **PERMITTED INVESTMENTS**

Investments of a Fund are confined to:

(a) transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State;

(b) recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;

(c) money market instruments, as defined in the Central Bank UCITS Regulations, other than those dealt on a regulated market;

(d) units of UCITS;

(e) units of alternative investment funds as set out in the Central Bank UCITS Regulations;

(f) deposits with credit institutions as prescribed in the Central Bank UCITS Regulations;

(g) financial derivative instruments as prescribed in the Central Bank UCITS Regulations.

2 **INVESTMENT RESTRICTIONS**

(a) A Fund may invest no more than 10% of its net assets in transferable securities and money market instruments other than those referred to in paragraph 1 above.

(b) A Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1 (a)) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that

- such securities are issued with an undertaking to register with the US Securities & Exchanges Commission within one year of issue; and

- the securities are not illiquid securities, i.e. they may be realised by a Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.

(c) A Fund may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is no more than 40%.

(d) The limit of 10% in paragraph (c) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

(e) The transferable securities and money market instruments referred to in paragraph (d) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph (c).

(f) Cash booked in accounts and held as ancillary liquidity, must not exceed 10% of net assets. This limit may be raised to 20% in the case of cash booked in an account with the Depositary.

(g) The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA member state) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

(h) Notwithstanding paragraphs (c), (f) and (g) above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

(i) investments in transferable securities or money market instruments;

(ii) deposits; and/or

(iii) risk exposures arising from OTC derivatives transactions.

(i) The limits referred to in (c), (d), (f) and (g) above may not be combined, so that exposure to a single body shall not exceed 35% of the net assets of the relevant Fund.

(j) Group companies are regarded as a single issuer for the purposes of paragraphs (c), (d), (f) and (g). However, a limit of 20% of net assets of a Fund may be applied to investments in transferable securities and money market instruments within the same group.

(k) Subject to the restrictions and limits set out in the UCITS regulations and to the approval of the Central Bank, a Fund may invest up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or by one of the following supranational or public international bodies of which one or more Member States are members: OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority or Straight-A Funding LLC.

A Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of its net assets.

3 **INVESTMENT IN COLLECTIVE INVESTMENT SCHEMES ("CIS")**

(a) A Fund may not invest more than 10% of net assets in total in other CIS. Such CIS must themselves be prohibited from investing more than 10 % of net assets in total in other CIS.

(b) Where a Fund invests in the units of other CIS that are managed directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Company's investment in the shares of the other CIS.

(c) Where a commission (including a rebated commission) is received by the Company, the Management Company or the Investment Manager by virtue of an investment in the units of another CIS, this commission must be paid into the assets of the relevant Fund.

4 **INDEX TRACKING UCITS**

(a) A Fund may invest up to 20% of its net assets in shares and/or debt securities issued by the same body where the investment policy of the relevant Fund is to replicate an index which satisfies the criteria set out in the UCITS Regulations and is recognised by the Central Bank.

(b) The limit in paragraph (a) may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

5 **GENERAL PROVISIONS**

(a) A Fund, or management company acting in connection with all of the CIS which it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

(b) A Fund may acquire no more than:

(i) 10% of the non-voting shares of any single issuer;

(ii) 10% of the debt securities of any single issuer;

(iii) 25% of the shares or units of any single CIS;

(iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in paragraphs (ii), (iii) and (iv) above may be disregarded at the time of acquisition, if at that time, the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

(c) Paragraphs (a) and (b) shall not be applicable to:

(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;

(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;

(iv) shares held by a Fund in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies with the registered offices in that non-Member State, where under the legislation of that non-Member State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that non-Member State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in paragraphs 2(c) to 2(i), 3(a), 5(a), 5(b), 5(d), 5(e) and 5(f) and provided that where these limits are exceeded, paragraphs 5(e) and 5(f) below;

(v) shares held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of units at unit-holders' request exclusively on their behalf.

(d) A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments, which form part of their assets.

(e) The Central Bank has allowed each Fund to derogate from certain of the above provisions for a period of up to six months from the date of authorisation of such Fund, provided that such Fund observes the principle of risk spreading.

(f) If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, that Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

(g) A Fund may not carry out uncovered sales of:

(i) transferable securities;

(ii) money market instruments;

(iii) units of collective investment undertakings; or

(iv) financial derivative instruments.

(h) A Fund may hold ancillary liquid assets.

6 **FINANCIAL DERIVATIVE INSTRUMENTS ("FDIS")**

(a) A Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI must not exceed its total net asset value.

(b) Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)

(c) A Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

(d) Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

7 **OTHER RESTRICTIONS**

(a) Prohibited Securities. The Investment Manager will not invest in the securities of companies (either directly or, where possible, indirectly via Collective Investment Schemes) considered to be involved in the development, production, use, maintenance, offering for sale, distribution, import or export, storage or transportation of weapons banned by international convention. The HSBC Global Asset Management policy as amended from time to time is available at:

https://www.global.assetmanagement.hsbc.com/

/media/files/attachments/common/resource-documents/banned-weapons-policy.pdf

(b) The Company may acquire real and personal property that is required for the purpose of its business.

(c) The Company shall not acquire either precious metals or certificates representing them.

(d) The Company shall not (except as a permitted investment technique described in the "**Portfolio Investment Techniques**" section of this Prospectus) make any loan of its assets provided that, for the purpose of this restriction, the holding of ancillary liquid assets such as deposits, and the acquisition of bonds, notes, commercial paper, certificates of deposit, bankers acceptances, and other debt securities or obligations permitted by the UCITS Regulations, and the acquisition of transferable securities, money market instruments or other financial instruments that are not fully paid, shall not be deemed to constitute the making of a loan.

(e) A Fund may borrow up to 10% of its Net Asset Value for temporary purposes. A Fund may acquire foreign currency by means of a back-to-back loan. Foreign currency acquired in this manner is not classified as borrowing for the purpose of the restriction on borrowing provided that the offsetting deposit (a) is denominated in the Base Currency of the relevant Fund and (b) equals or exceeds the value of the foreign currency loan outstanding.

(f) Without limitation, the Directors, in accordance with the requirements of the Central Bank, may adopt additional investment restrictions to facilitate the distribution of Shares to the public in a particular jurisdiction. In addition, the investment restrictions set out above may be changed from time to time by the Directors in accordance with a change in the applicable law and regulations in any jurisdiction in which Shares are currently offered, provided that the assets of a Fund, at all times, will be invested in accordance with the restrictions on investments set out in the UCITS Regulations. In the event of any such addition to, or change in, the investment restrictions applicable to the relevant Fund, a reasonable notification period will be provided by the Company to enable Shareholders to redeem their Shares prior to implementation of these changes. A Fund will not amend such investment restrictions except in accordance with the requirements of the Central Bank.

**PORTFOLIO INVESTMENT TECHNIQUES**

A Fund may employ investment techniques and instruments for efficient portfolio management of the assets of the Company including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank under the UCITS Regulations and described below. In this context, efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria:
They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims:

- the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio);

- the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and

- the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Company as described in this Prospectus and the general provisions of the UCITS Regulations

**USE OF FINANCIAL DERIVATIVE INSTRUMENTS**

In addition to any use of FDI by any Fund for investment purposes as described in the relevant Fund Supplement, a Fund may, if disclosed in the relevant Fund Supplement, utilise FDI for efficient portfolio management purposes (i.e. the reduction of risks or costs to the Company or the generation of additional capital or income for the Company), or for hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined in the "**Investment Restrictions**" section above. An appropriate RMP Statement has been prepared and submitted to the Central Bank. If additional types of FDI are to be used by any Fund, a revised RMP Statement must be prepared and submitted to the Central Bank in advance of the Fund utilising such instruments. The use of FDI introduces an additional exposure of counterparty risk to the relevant Fund, although this is controlled and monitored according to the diversification and concentration requirements of the UCITS Regulations. The use of instruments/techniques for efficient portfolio management purposes will not change the objective of the relevant Fund or add substantial risks in comparison to the original risk policy of the relevant Fund.

When using FDI as part of efficient portfolio management techniques and instruments, a relevant Fund will incur operational costs and such costs will be paid by the relevant Fund to the counterparty with which the Company and/or the Management Company has entered into a relevant agreement. The Company and/or the Management Company will ensure that all revenues arising from efficient portfolio management techniques, net of direct and indirect costs, are returned to the relevant Fund. Such counterparties will be disclosed in the annual report of the Company which will also contain details of (i) the counterparty exposure obtained through efficient portfolio management techniques, (ii) the type and amount of collateral received by the relevant Fund to reduce counterparty exposure and (iii) revenues arising from efficient portfolio management techniques for the reporting period, together with direct and indirect costs and fees incurred (which will not include any hidden revenue). Where relevant, any relationship between the counterparty and the Management Company, Investment Manager or Depositary will be disclosed.

FDI used for efficient portfolio management may be used by a Fund for hedging purposes. Hedging is a technique used for minimising an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will not be allowed to exceed materially the value of the assets that they seek to offset. Where a Fund enters into OTC FDI transactions, they will only be executed with approved counterparties and will at all times be governed by a legally enforceable bilateral ISDA and an accompanying Credit Support Annex. The Company does not currently intend to accept any collateral from a counterparty to a OTC FDI transaction and this Prospectus will be updated to disclose the relevant collateral policy with respect to OTC FDI transactions or for efficient portfolio management techniques should the Company decide to accept collateral in the future.

To the extent that a Fund uses FDI, there may be a risk that the volatility of the Fund's Net Asset Value may increase. However, a Fund is not expected to have an above average risk profile as a result of use of FDI. Although a Fund will be leveraged as a result of its use of FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to the use of FDI will not exceed its total net assets, i.e. the Fund may not be leveraged in excess of 100% of its Net Asset Value. The global exposure and leverage of each Fund which uses FDI will be calculated using the commitment approach. The commitment approach converts a Fund's FDI positions into the equivalent positions in the underlying assets and seeks to ensure that the FDI risk is monitored in terms of any future "commitments" to which it is (or may be) obligated. Investors should refer to the section entitled "**Risk Factors**" for information in relation to the risks associated with the use of FDI.

The Management Company employs a risk management process in respect of each Fund which enables it, together with the Investment Manager to accurately measure, monitor and manage the various risks associated with FDI. A statement of this risk management process has been prepared and

submitted to the Central Bank in accordance with the Central Bank requirements. Any FDI not included in the risk management process in respect of the Company will not be utilised until such time as a revised risk management process has been submitted to the Central Bank. The Management Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

**TOTAL RETURN SWAPS AND CONTRACTS FOR DIFFERENCE**

Where set out in the relevant Fund Supplement, a Fund may use total return swaps, contracts for difference and/or securities lending (each a "**Securities Financing Transaction**") subject to the requirements of the Securities Financing Transactions Regulation and in accordance with normal market practice, the Central Bank UCITS Regulations, the UCITS Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the Company. Such Securities Financing Transactions may be entered into for any purpose that is consistent with the investment objective of a Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks. Securities lending will be used for efficient portfolio management purposes only.

Subject to the limitations referred to above, any assets of a Fund may be subject toSecurities Financing Transactions.

The categories of collateral which may be received by a Fund includes assets that are consistent with that Fund's investment policy, including cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by a Fund will be valued in accordance with the valuation methodology set out under the section entitled "Determination of Net Asset Value". Collateral received by a Fund will be marked-to-market daily and daily variation margins will be used.

Where a Fund provides collateral as a result of entering into Securities Financing Transactions, it typically does so under a full title transfer and therefore it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided. In addition, there can also be no assurance that the liquidation of any collateral provided to a Fund to secure a counterparty's obligations under a Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where a Fund provides collateral as a result of entering into Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided. Where a Fund receives collateral as a result of entering into Securities Financing Transactions, there is a risk that the collateral held by that Fund may decline in value or become illiquid.

All the revenues arising from Securities Financing Transactions shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees are all fully transparent and will not include hidden revenue. Details of Fund revenues arising and attendant direct and indirect operational costs and fees shall be included in the Company's semi-annual and annual reports.

The Company will conduct appropriate due diligence in the selection of counterparties, including but not limited to consideration of the legal status, country of origin, credit rating and minimum credit rating (where relevant), noting the requirements of applicable to the Company in respect of eligibility criteria for counterparties to a Fund's Securities Financing Transactions.

From time to time, a Fund may engage counterparties that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to section entitled "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

The assets of a Fund that are subject to Securities Financing Transactions, and any collateral received, are held by the Depositary or its agents.

## LIQUIDITY RISK MANAGEMENT

The Management Company has established a liquidity risk management policy which forms part of the Management Company's risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the Funds and to ensure that the liquidity risk profile of the investments of the Funds will facilitate compliance with the Funds' obligation to meet redemption requests. Such policy, combined with the governance framework in place and the liquidity management tools of the Management Company, also seeks to achieve fair treatment of shareholders and safeguard the interests of the remaining or existing shareholders in case of sizeable redemptions or subscriptions.

The Management Company's liquidity risk management policy takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and whether they are priced at fair value) and the ability to defer redemptions in compliance with the Prospectus.

The liquidity risk management policy also involves monitoring the profile of investments held by the Funds on an on-going basis with the aim to ensure that such investments are appropriate to the redemption policy as stated in the Prospectus and the relevant Fund Supplement as the case may be. Further, the liquidity risk management policy includes details on periodic stress testing carried out to manage the liquidity risk of the Funds in times of exceptional market conditions.

The Management Company's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of the Funds' liquidity risk in accordance with the Management Company's liquidity risk management policy. Exceptions on liquidity risk related issues are escalated to the Management Company's management committee and/or UCITS risk oversight forum with appropriate actions properly documented.

The Management Company may employ one or more tools to manage liquidity risks including, but not limited to:

- limiting the number of Shares redeemed for a Fund on any Dealing Day to 10% or more of the Net Asset Value of any Fund (subject to the conditions under the heading entitled "Redemption of Shares, Primary Market"); and

- recommending to the Directors to declare a suspension of the issue, valuation, sale, purchase, redemption or conversion of Shares of any Fund as outlined in the section entitled "Temporary Suspension of Dealings".

## CURRENCY TRANSACTIONS

A Fund is permitted to invest in securities denominated in a currency other than the Base Currency and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed on the use of financial derivative instruments described above and by the UCITS Regulations, a Fund may enter into various currency transactions (i.e. forward foreign currency contracts, currency swaps whereby a Fund agrees to swap a payment or payment in one currency for a payment or payments in another currency, and spot currency contracts) to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Sterling for a certain amount of Euro - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into.

Currency transactions which alter currency exposure characteristics of transferable securities held by a Fund may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to a Fund. Any such currency transactions will be used in accordance with the investment objective of the relevant Fund.

A Fund may "cross-hedge" one foreign currency exposure by selling a related foreign currency into the Base Currency. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the US Dollar, Euro or Japanese Yen. A Fund may hedge

out the exposure to currencies other than its Base Currency in the basket by selling a weighted average of those currencies forward into the Base Currency.

A Fund may create additional Classes which seek to hedge all or some of the underlying portfolio currencies to the currency of the class. Currency hedged Classes will be hedged irrespective of whether the relevant currencies are declining or increasing in value. Class-specific transactions, such as class currency hedging transactions, must be clearly attributable to a specific Class. Any transaction costs and gains or losses from currency hedging shall be accrued solely to and therefore reflected in the NAV per Share of the relevant Class. A Fund shall not combine or offset currency exposures of different currency hedged Classes and shall not allocate currency exposures of assets of the Fund to separate Classes.

The Administrator (or other appointed party) will execute the currency hedging policy. The main financial derivative instruments used are forward foreign exchange contracts however other derivatives may be used including, but not limited to, currency options and currency swaps.

There can be no assurance or guarantee that the Administrator (or other appointed party) will be able to successfully implement currency hedging for currency hedged Classes at any time or at all. Investors should note that although the aim is to maintain at the time of this Prospectus a hedge ratio from 95% to 105% of NAV of the hedged Class there may be occasions when the hedge ratio falls outside these parameters which may be due to factors which cannot be controlled such as investor trade activity, volatility in the NAV per Share and/or currency volatility.

Whilst not the intention of the Investment Manager, over-hedged or under-hedged positions may arise due to factors outside the control of the Investment Manager. Hedged positions will be kept under review to ensure that: (i) over-hedged positions do not exceed 105% of the Net Asset Value of the Class in aggregate; and (ii) under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the Class which is to be hedged. Hedged positions will be kept under review to ensure that over-hedged and under-hedged positions do not exceed these levels, and this review shall include a procedure to ensure that over-hedged positions materially in excess of 100% of the Net Asset Value of the Class, or an under-hedged positions short of 95% of the portion of the Net Asset Value of the Class which is to be hedged, will not be carried forward from month to month. In the event there is an unrealised gain or unrealised loss on FDIs, which are used to implement the hedge in respect of currency hedged Classes, the Fund may either be underinvested (in the case of a gain) or leveraged (in the case of a loss). Any underinvestment or leverage will be removed or reduced when the currency hedge is adjusted or reset as required for the relevant currency hedged Class.

Movements in currency exchange rates can materially impact investment returns and investors should ensure they fully understand the difference between investment in currency hedged Classes versus investment in those Classes which are not currency hedged Classes. To the extent that the hedging is successful, the performance of the hedged Class is likely to move more in line with the performance of the underlying assets because some of the currency exposures have been reduced. However investors in a currency hedged class will not benefit if the Class currency falls against the Base Currency of the Fund and/or the currency in which the assets of the Fund are denominated.

**BORROWING POLICY**

Under the Articles the Directors are empowered to exercise all of the borrowing powers of the Company subject to any limitations under the UCITS Regulations and to charge the assets of the Company as security for such borrowings.

A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties, except:

(i) foreign currency may be acquired by means of a back-to-back loan, i.e. borrowing one currency against the deposit of an equivalent amount of another currency (provided that where foreign currency borrowings exceed the value of the “back-to-back” deposit, any excess shall be regarded as borrowing and therefore aggregated with other borrowing for the purposes of the 10% limit referred to below). Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103 of the UCITS Regulations provided that the offsetting deposit is (a) denominated in the Base Currency of the Fund and (b) equals or exceeds the value of the foreign currency loan outstanding; and

(ii) a Fund may incur temporary borrowings in an amount not exceeding 10% of its net asset value and may charge its assets as security for such borrowings.

**DISTRIBUTION POLICY**

The distribution policy (i.e. whether a Class is Accumulating or Distributing) and distribution frequency of each Class will be specified in the relevant Fund Supplement. The distribution policy and the frequency of dividend payments may vary for each Fund and different share Classes may be created within a single Fund that have different distribution policies, or provide for different frequency of dividend payment, or provide that dividends will not be declared.

The Articles empower the Directors to declare dividends in respect of any Distributing Shares out of net income (including dividend and interest income) and the excess, if any, of realised and unrealised capital gains over realised and unrealised losses in respect of investments of the Company. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company for the benefit of the relevant Fund. Dividends may be paid monthly, quarterly, semi-annually or annually as detailed in the relevant Fund Supplement.

In respect of Distributing Shares, dividends may be made at the discretion of the Directors. The Directors ordinarily intend to declare and pay dividends on the Distributing Shares of each relevant Fund if the total income of the Fund exceeds the fees and expenses by more than a de minimis amount determined by the Directors from time to time. Dividends will generally be declared in respect of the Distributing Shares in the currency of the relevant Class. Dividends will be paid by the Company to the Paying Agent for onward transmission to the relevant ICSD. For further information on the payment of dividends, please see the section of the Prospectus titled “International Central Securities Depositary”.

In respect of Accumulating Shares, any net income (including dividend and interest income) and the excess, if any, of realised and unrealised capital gains over realised and unrealised capital losses in respect of investments of a Fund will be retained by that Fund and will be accumulated in the Net Asset Value per Share of the relevant Class.

The distribution policy of any Fund or of any Class may be changed by the Directors, or by the Management Company acting on behalf of the Company, upon reasonable notice to Shareholders of that Fund or Class, as the case may be and, in such circumstances, the distribution policy will be disclosed in an updated Prospectus and/or Supplement.

**For the accounting period to 31 December 2009, the Directors maintained a dividend policy that enabled the Company to qualify as a "distributing fund" for UK tax purposes and therefore paid a Redemption Dividend in the event a Shareholder had submitted an application for redemption in respect of the Shares in any Fund. A Redemption Dividend will reflect the net accrued income (if any) in respect of the Shares concerned and will become due immediately prior to the redemption of the Shares and paid to the Shareholder on the same day as the redemption proceeds. The Redemption Dividend is additional to any dividends declared on any class of Shares.**

**The Directors have obtained UK “reporting fund” status for certain share Classes and intend to maintain this status. In doing so the Company will meet the reporting requirements by making available to shareholders the information required in The Offshore Funds (Tax) Regulations 2009.**

## THE SHARES

### CLASSES OF SHARES

The following is a description of the Classes of Shares being offered in the Company. Additional detail about the Classes of Shares offered for each Fund can be found in the relevant Fund Supplement.

The purchase proceeds of the various Share Classes of each Fund are invested in one common underlying pool of investments but the Net Asset Value of each Share Class will be different as a result of the differences in the issue price, fee structure, currency denomination, any hedging arrangements and the applicable distribution policy.

- **FEE STRUCTURE**

  The Company has a fee structure where, in respect of each Share Class, fees and expenses are paid as one single fee. This is referred to as the "Total Expense Ratio" or "TER". The TER also includes any due proportion of expenses of the Company which may be allocated to the Share Class from time to time. Further information on the fee structure of the Share Classes is available in the sections of the Prospectus and Fund Supplements entitled "Fees and Expenses".

- **CURRENCY DENOMINATION**

  Each Fund generally offers Share Classes in the following currency denominations: EUR, USD, GBP, SGD, AUD, CHF, JPY, SEK, HKD, CAD, NZD, DKK and CNY.

- **DISTRIBUTING AND ACCUMULATING SHARE CLASSES**

  Shares can be Distributing Shares or Accumulating Shares.

  The Directors intend to distribute the distributable income attributable to Distributing Shares in the manner and frequency described in the relevant Fund Supplement.

  No distribution of dividends shall be made in respect of Accumulating Shares and the income attributable to those Shares will be reflected in the value of the Accumulating Shares.

  Further information on the distribution policy of the Classes of Shares is available in the section of the Prospectus entitled "Distribution Policy".

- **HEDGING**

  Each Fund may offer hedged Share Classes at the discretion of the Investment Manager. All Share Classes that are not identified as hedged Share Classes are unhedged currency Share Classes.

- **MINIMUM DEALING AMOUNTS**

  Subscription and redemption orders are accepted in multiples of the minimum Creation and Redemption Unit Size as may be determined by the Directors, provided that this may be waived by the Directors in their absolute discretion.

  The Directors may waive the minimum subscription and redemption amount if it is determined that such a change would materially enhance the attractiveness of a Fund to investors or otherwise in their discretion. Any such change will be notified in advance to the Authorised Participant(s).

  Authorised Participant(s) should refer to the Online Portal or contact the Investment Manager for details of minimum subscription and redemption orders for the Fund.

## PRIMARY MARKET - Subscriptions, Conversions and Redemptions

The Primary Market is the market on which Shares of the Funds are issued or redeemed by a Fund at the request of Authorised Participants. Only Authorised Participants are able to effect subscriptions and redemptions of Shares on the Primary Market. Investors who are not Authorised Participants can purchase and sell the Shares of the Funds on the Secondary Market through a stockbroker/intermediary on a recognised stock exchange or over-the-counter, as further outlined under the section Dealing on the Secondary Market".

The Directors, or the Management Company acting on behalf of the Company, may issue Shares of any Class in the Company, and create new Classes of Shares in the Company, on such terms as they may from time to time determine. The creation of new Classes of Shares must be notified to, and cleared in advance by the Central Bank. Shares of any particular Fund may be divided into different Classes to accommodate different dividend provisions and/or charges and/or fee arrangements and/or currencies including different total expense ratios.

Applicants wishing to deal on the Primary Market in respect of the Funds have to satisfy certain eligibility criteria, and be registered with the Company, to become Authorised Participants. Applicants wishing to become Authorised Participants should contact the Investment Manager or the Administrator for further details. In addition, all applicants applying to become Authorised Participants must first complete the Company's application form which may be obtained from the Administrator and satisfy certain anti-money laundering checks. Signed original application form(s) and supporting anti-money laundering documentation should be sent by post, email or fax if an appropriate fax indemnity is in place, (with the original documentation to follow promptly by post) to the Administrator in accordance with the details set out in the application form or to the Company at the following address.

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For documents submitted by fax or email, a subscription and redemption block will be placed on the account pending receipt of the original documentation. Amendments to an Authorised Participant's registration details and payment instructions will only be effected upon receipt of original documentation.

The Company has absolute discretion to accept or reject any request to become an Authorised Participant and to revoke any authorisation to act as an Authorised Participant.
Subscriptions for Shares will be considered upon receipt by the Administrator of the completed application form which satisfies the application requirements and including, but not limited to full anti-money laundering documentation, and any other appropriate consideration as specified below.
Authorised Participants may submit subscription orders or redemption requests for Shares in a Fund electronically through the Online Portal or in such format or method as shall be agreed in advance in writing with the Administrator in accordance with the requirements of the Central Bank. The use of the Online Portal is subject to the prior consent of the Administrator and must be in accordance with and comply with the requirements of the Central Bank. Requests for subscriptions and redemptions placed electronically are subject to the Dealing Deadlines outlined in the relevant Fund Supplement. Alternative dealing methods are available with the consent of the Investment Manager and in accordance with the requirements of the Central Bank. The Company, the Investment Manager and the Administrator shall not be responsible for any losses arising in the transmission of any dealing request through the Online Portal or any alternative dealing method approved by the Investment Manager.
PRIMARY MARKET SUBSCRIPTIONS

Authorised Participants may subscribe for Shares on any Dealing Day by submitting a subscription order before the Dealing Deadline in accordance with the following provisions.

Any properly made subscription order received by the Administrator after the Dealing Deadline will not be accepted until the following Dealing Day. However, such subscriptions may be accepted for dealing on the relevant Dealing Day, at the discretion of the Company, the Management Company or the Investment

Manager, in exceptional circumstances, provided they are received prior to the Valuation Point. Except when the calculation of the Net Asset Value per Share is suspended, or as otherwise determined by the Company, all applications for subscriptions will be binding and irrevocable. The Directors and/or the Management Company may, in their sole discretion, decide to reject any subscription order in whole or in part.

**Cash Subscriptions**

*Subscription Price*

Subscriptions for Shares at the Initial Offer Price will be considered during the Initial Offer Period. Such Shares will be issued following the closing date of the Initial Offer Period, plus an appropriate provision for Duties and Charges. The Initial Offer Price per ETF Share for each Fund during the Initial Offer Period is set out in the relevant Fund Supplement. For subscriptions after the Initial Offer Period has expired, Shares will be issued at their Net Asset Value per Share plus an appropriate provision for Duties and Charges.

Shares will be issued in amounts equal to or above the minimum Creation and Redemption Unit size. The requirements in respect of the Minimum Initial Subscription (for cash) for a Primary Market investor may be waived by the Directors or their applicable delegates in their absolute discretion.

*Settlement Period*

Subscription monies should be received in the relevant account specified in the application form no later than the Settlement Date for subscriptions specified in the relevant Fund Supplement. If cleared funds representing the subscription monies are not received by the Company by the Settlement Date specified in the relevant Fund Supplement, the Directors and/or the Management Company reserve the right to cancel any provisional allotment of Shares. In such an event the Authorised Participant shall indemnify the Company and the Administrator for any loss suffered by the Company as a result of the investor's failure to transmit the subscription monies in a timely fashion including, but not limited to, any overdraft interest payable as a result. In the event that the Directors and/or the Management Company decide not to cancel a provisional allotment of Shares notwithstanding that cleared funds have not been received by the Company by the relevant Settlement Date, the Directors and/or the Management Company reserve the right to charge interest at such rate as the Directors may from time to time determine on such subscription monies commencing on the Business Day following the relevant Dealing Day. Subscription monies received from applicants prior to the receipt of a subscription order will be maintained (without interest) for a period of 10 Business Days prior to being returned to the remitter. These monies will not be available for investment and will remain the property of the applicant until the relevant subscription order is accepted by the Company and/or the Management Company.

Payments made by the investors to the Company in relation to subscriptions are received into the Subscription Account and therefore upon receipt are treated as assets of the Company. As assets of the Company such subscription monies do not have the benefit of the protections afforded by the Central Bank (Supervision and Enforcement) Act 2003 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (S.I. 105 of 2015) (as amended). For further details see the "**Risks Associated with Umbrella Cash Accounts**" paragraph in the section entitled Risk Factors.

*Direct Dealing (Cash Transaction) Fee*

All subscriptions in cash will be subject to a Direct Dealing (Cash Transaction) Fee, as specified for each Fund in the relevant Fund Supplement. The Direct Dealing (Cash Transaction) Fee is payable to the Administrator as agent for the Company to offset the costs and expenses incurred by the Administrator in dealing in cash for that subscription. It will be added to the requisite subscription amount. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion.

The Administrator, acting in accordance with instructions of, or policies formulated by, the Directors or

the Management Company, may reduce the amount of the Direct Dealing (Cash Transaction) Fee, or if this is a requirement of the local law or practice of any country in which the Shares are offered.

**In-Kind Subscriptions**

Where permitted in the relevant Fund Supplement, a Fund will allow Authorised Participants to subscribe for Shares in-kind, only in Creation and Redemption Units, on each Dealing Day (except during any period in which the calculation of the Net Asset Value per Share is suspended). In this context, "*in-kind*" means that, rather than receiving cash in respect of a subscription, the Company will receive securities (or predominantly securities) and a Cash Portion.

Securities delivered in connection with in-kind subscription requests must be securities which the Fund may acquire pursuant to its investment objective, policies and restrictions, and will be valued in accordance with the provisions of this Prospectus. The value attributed to securities delivered in connection with in-kind subscription requests will be equivalent to that for cash subscriptions, and no Shares shall be issued until all securities and cash payable to the Depositary have been vested with the Depositary or arrangements have been made to ensure that such assets have vested with the Depositary. In addition, the Depositary must be satisfied that there is unlikely to be any material prejudice to the existing Shareholders of the relevant Fund.

*Subscription Price*

Following the closing date of the Initial Offer Period, the subscription price for each further Creation and Redemption Unit will be the aggregate of the Net Asset Value per Share of all of the Shares comprising the Creation and Redemption Unit plus, in respect of each Creation and Redemption Unit, the relevant In-Kind Transaction Fee (the amount of which is available upon request from the Administrator). Authorised Participants may be subject to additional payments in the event of failure to deliver the Portfolio Deposit as described under "**Failure to Deliver Securities**" below. The subscription price per Creation and Redemption Unit will be payable by transferring the securities portion of the Portfolio Deposit and the Cash Portion of the Portfolio Deposit, plus a cash amount equal to the relevant In-Kind Transaction Fee.

The minimum number of Shares for in-kind subscriptions is one Creation and Redemption Unit. Applications for the subscription of Shares in-kind in that Fund must be in integer multiples of that Fund's Creation and Redemption Unit size.

*Publication of Portfolio Composition File*

The Portfolio Composition File will be available from the Investment Manager upon request.

*Notification of Cash Portion and In-Kind Transaction Fee*

On the Business Day following the Dealing Day, a contract note will be sent to the Authorised Participant reporting the amounts of the In-Kind Transaction Fee to be delivered by the Authorised Participant to the Depositary with the Portfolio Deposit. The Administrator will also identify the Cash Portion of the In-Kind subscription. In limited circumstances, the securities portion of the Portfolio Deposit may differ from the Portfolio Composition File as a result of corporate actions or events affecting the securities detailed therein. The Company reserves the right to permit delivery of a previously agreed basket of securities by way of a Portfolio Deposit which is different from the Portfolio Composition File. Delivery of securities in the Portfolio Deposit will be on a delivery versus payment settlement basis. In certain circumstances, and with advanced disclosure to the applicant, the Administrator, acting in accordance with instructions received from, or policies formulated by, the Directors, may permit or require that a portion of the Cash Portion itself be deliverable in-kind in one or more securities which are eligible security holdings of the Fund.

*Settlement Period*

Unless disclosed otherwise in the relevant Fund Supplement, the standard settlement period for in-kind subscriptions is three Business Days following the Business Day on which the application for subscription is accepted, but this may vary depending upon the standard settlement periods of the

different markets on which the securities are traded and the nature of the securities comprised in the Portfolio Deposit but shall not in any event exceed 10 Business Days from the Dealing Day. Shares will be allotted to the Authorised Participant on the Business Day on which the subscription order is accepted at the Net Asset Value per Share plus an appropriate provision for Duties and Charges on that Dealing Day, subject to the provisions below in relation to delivery of the securities in the Portfolio Deposit, the requisite Cash Portion and the In-Kind Transaction Fee.

*Failure to Deliver Securities*

In the event that an Authorised Participant fails to deliver the required securities and/or Cash Portion in relation to an in-kind subscription or cash in relation to a cash subscription in the settlement times outlined in the relevant Fund Supplement, the Company and/or the Management Company may cancel the relevant trade and the Authorised Participant will be responsible for compensating the Company for any loss incurred by the Company as a result of this failure to supply the securities and/or Cash Portion or cash in a timely manner. As a result the Company and/or the Management Company may also cancel any provisional allotment of shares.

The Directors and/or the Management Company have the discretion to determine not to cancel a subscription and provisional allotment of shares where an Authorised Participant has failed to provide the necessary securities and/or Cash Portion or cash within the required time. The Company may temporarily borrow funds to cover the amount equal to the subscription in accordance with the investment objective and policies of the Fund. Once the subscription proceeds have been received, the Company will use this to repay the borrowing. In these circumstances, the Company may charge the Authorised Participant for any costs incurred as a result of the borrowing. If the Authorised Participant refuses to pay the Company for any costs incurred, the Company is entitled to sell all or part of the Authorised Participant's holdings to cover the borrowing costs.

Subscription orders for Shares are irrevocable and the provisions described above may be applied to any application for Shares that is not fully settled in the manner described above.

*Use of Proceeds*

The proceeds of a subscription received from an investor will be used in the manner outlined in the relevant Fund Supplement in order to seek to achieve the Fund's investment objective.

**Anti-Money Laundering Measures**

Measures aimed at the prevention of money laundering and terrorist financing will require a detailed verification of the applicant's identity, address, source of wealth and source of funds and where applicable the beneficial owner on a risk sensitive basis and ongoing monitoring of the business relationship with the Company.

By way of example an individual will be required to produce a certified copy of a passport or identification card which includes a date of birth together with an original or certified piece of evidence of his/her address such as utility bill or bank statement (not more than six months old). In the case of corporate applicants, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), a certified copy of the memorandum and articles of association (or equivalent), a certified copy of the corporation's authorised signatory list, the names, occupations, dates of birth and resident and business address of all directors and beneficial owners (who may also be required to verify their identity as described above).

All certified copies should be certified by a Notary Public, Solicitor, Company Registrar, Police Officer or FATF regulated financial institution or any person so authorised under the laws of the applicant's country or domicile.

Politically exposed persons ("**PEPs**"), an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family members, or persons known to be close associates of such persons, must also be identified.

The Administrator and the Company each reserves the right to request such information as is necessary

to verify the identity, address, source of wealth and source of funds of an applicant. In the event of delay or failure by an applicant to produce any information required for verification purposes, the Administrator or the Company will refuse to accept the application and subscription monies. The Administrator will refuse to process redemption requests or pay redemption proceeds in such circumstances. Applicants should note specifically that redemption proceeds will not be paid to an account which is not in the name of the applicant. Applicants should note that there is a risk that any delay in providing any documents to the Administrator required in connection with the obligations to prevent money laundering and terrorist financing may result in Shares not being issued on a particular Dealing Day.

Each applicant for Shares acknowledges that the Administrator and the Company shall be held harmless and indemnified against any loss arising as a result of a failure to process his/her application for Shares or redemption request, if such information and documentation as has been requested by the Administrator has not been provided by the applicant. The applicant acknowledges that the Company may take such steps as it considers appropriate or necessary to discontinue the relationship with the investor where required to do so under applicable law and regulation.

**Registration and Settlement of Shares – International Central Securities Depositary**

All Shares issued will be in registered form. Contract notes will normally be sent to investors that have subscribed for Shares within 2 Business Days of the Dealing Day. Shares may only be issued as fully paid in whole units.

The settlement of trading in Shares of a Fund is centralised in an ICSD structure. Shares in the Fund will not be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the Global Share Certificate issued to the Common Depositary's Nominee (as defined below) which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement Systems through Shares will be settled). The Fund will apply for admission for clearing and settlement through the applicable ICSD. The ICSD for the Fund will be Euroclear Bank SA/NV ("Euroclear").

Under the ICSD settlement model, all Shares in the Fund will ultimately settle in an ICSD but investors may have their holdings within Recognised Clearing and Settlement Systems which are national settlement systems for individual national markets ("Central Securities Depositaries") which will be an accountholder in the relevant ICSD (a "Participant"). All Shares in issue will be represented by a Global Share Certificate and the Global Share Certificate will be deposited with an entity appointed as a depositary for the ICSD, currently HSBC Bank plc (the "Common Depositary") (being the entity nominated by the ICSD to hold the Global Share Certificate) and will be held in its nominee name, HSBC Issuer Services Common Depositary Nominee (UK) Limited (the "Common Depositary's Nominee") (being the registered holder of the Shares of the Fund as nominated by the Common Depositary) on behalf of Euroclear and accepted for clearing through Euroclear. The applicable ICSD for an investor is dependent on the market in which the Shares are traded.

A purchaser of interests in Shares in the Fund will not be a registered shareholder in the Company, but will hold an indirect beneficial interest in such Shares. Legal title to the Shares of the Fund will be held by the Common Depositary's Nominee. The rights of the holder of the indirect beneficial interests in the Shares, where such person is a Participant in the ICSD, shall be governed by the terms and conditions applicable to the arrangement between such Participant and their ICSD and where the holder of the indirect beneficial interests in the Shares is not a Participant, shall be governed by their arrangement with their respective nominee, broker or Central Securities Depositary (as appropriate) which may be a Participant or have an arrangement with a Participant. The extent to which, and the manner in which, Participants may exercise any rights arising under the Shares will be determined by the respective rules and procedures of their ICSD. All references herein to actions by holders of the Global Share Certificate will refer to actions taken by the Common Depositary's Nominee as registered Shareholder following instructions from the applicable ICSD upon receipt of instructions from its Participants. All distributions, notices, reports, and statements issued to the Global Paying Agent by the Company will be distributed to the Participants in accordance with such applicable ICSD's procedures.

Interests in the Shares represented by the Global Share Certificate will be transferable in accordance with applicable laws, any rules and procedures issued by the ICSDs and this Prospectus. Beneficial interests in such Shares will only be transferable in accordance with the rules and procedures for the time being of

the relevant ICSD and this Prospectus.

Each Participant must look solely to its ICSD for documentary evidence of the amount of such Participant's interests in any Shares. Any certificate or other document issued by the relevant ICSD, as to the interest in such Shares standing to the account of any person shall be conclusive and binding as accurately representing such records. Each Participant must look solely to its ICSD for such Participant's (and therefore any person with an interest in the Shares) portion of each payment or distribution made by the Fund and in relation to all other rights arising under the Shares.

Participants shall have no claim directly against the Company, the Fund, any entity appointed to act as Global Paying Agent or any other person (other than their ICSD) relating to payments or distributions due in respect of the Shares which are made by the Company or the Fund and such obligations of the Company shall be discharged thereby. The ICSD shall have no claim directly against the Company, the Fund, any paying agent or any other person (other than the Common Depositary).

The Company or its duly authorised agent may from time to time require the holder of the indirect beneficial interest in the Shares to provide them with information relating to: (a) the capacity in which they hold an interest in Shares; (b) the identity of any other person or persons then or previously interested in such Shares; (c) the nature of any such interests; and (d) any other matter where disclosure of such matter is required to enable compliance by the Company with applicable laws or the constitutional documents of the Company.

The Company or its duly authorised agent may from time to time request the applicable ICSD to provide the Company with certain details in relation to Participants that hold interests in Shares in the Fund including (but not limited to): ISIN, ICSD Participant name, ICSD Participant type (e.g. fund/bank/individual), residence of ICSD Participants, number of ETFs and holdings of the Participant within Euroclear, including which Funds, types of Shares and the number of such interests in the Shares held by each such Participant, and details of any voting instructions given and the number of such interests in the Shares held by each such Participant. Euroclear Participants which are holders of interests in Shares or intermediaries acting on behalf of such account holders will provide such information upon request of the ICSD or its duly authorised agent and have been authorised pursuant to the respective rules and procedures of Euroclear to disclose such information to the Company of the interest in Shares or to its duly authorised agent. Similarly, the Company or its duly authorised agent may from time to time request any Central Securities Depositary to provide the Company with details in relation to Shares in the Fund or interests in Shares in the Fund held in each Central Securities Depositary and details in relation to the holders of those Shares or interests in Shares, including (without limitation) holder types, residence, number and types of holdings and details of any voting instructions given by each holder. Holders of Shares and interests in Shares in a Central Securities Depositary or intermediaries acting on behalf of such holders agree to the Central Securities Depositary, pursuant to the respective rules and procedures of the relevant Central Securities Depositary, disclosing such information to the Company or its duly authorised agent.

The holder of the indirect beneficial interest in the Shares may be required to agree to the applicable ICSD providing the identity of a Participant or investor to the Company upon their request.

**Notices of Meetings and the Exercise of Voting Rights through the International Central Securities Depositary**

Notices of general meetings and associated documentation will be issued by the Company to the registered holder of the Shares, i.e. the Common Depositary's Nominee. Each Participant must look solely to its ICSD and the rules and procedures for the time being of the relevant ICSD governing onward delivery of such notices to the Participants and the Participant's right to exercise voting rights. Investors who are not Participants in the relevant ICSD would need to rely on their broker, nominee, custodian bank or other intermediary which is a Participant, or which has an arrangement with a Participant, in the relevant ICSD to receive any notices of Shareholder meetings of the Company and to relay their voting instructions to the relevant ICSD.

The Common Depositary's Nominee has a contractual obligation to promptly notify the Common Depositary of any Shareholder meetings of the Company. The Global Paying Agent is under a contractual obligation to relay any associated documentation issued by the Company to the relevant

ICSD. Each ICSD will, in turn, relay notices received from the Common Depositary to its Participants in accordance with its rules and procedures. In accordance with their respective rules and procedures, each ICSD is contractually bound to collate and transfer all votes received from its Participants to the Common Depositary and the Common Depositary is, in turn, contractually bound to collate and transfer all votes received from each ICSD to the Common Depositary's Nominee, which is obliged to vote in accordance with the Common Depositary's voting instructions.

**Profile of a Typical Investor**

The Company has been established for the purpose of investing in transferable securities in accordance with the UCITS Regulations. The investment objectives and policies for each Fund will be set out in the relevant Fund Supplement. Unless otherwise disclosed in the relevant Fund Supplement, investors are expected to be retail and institutional investors. Further details in regarding the profile of a typical investor for each Fund are set out in the relevant Fund Supplement.

**Qualified Investors**

The Company will not knowingly issue any Shares to any US Person except in a transaction which does not contravene US securities laws. Each applicant for Shares will be required to provide such representations, warranties or documentation as may be required by the Company to ensure that these requirements are met prior to the issue of Shares.

**CONVERSION OF SHARES – PRIMARY MARKET**

A conversion request will be treated as a cash redemption request in respect of the originally held Shares and as a cash subscription application in respect of Shares of the new Fund and/or Class. On this basis and unless otherwise stated in the relevant Fund Supplement, Shareholders will be entitled on any Dealing Day to request to convert any or all of their Shares of any Class in any Fund into Shares of another Class in the Fund or any other Fund, except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in this Prospectus and where the Dealing Deadlines are different for the Class of Shares in the Funds being converted. Conversions will be subject to an appropriate provision for Duties and Charges Shareholders should consider the terms of the relevant Fund Supplement for further details. Authorised Participants who wish to request a conversion between Funds should contact the Administrator for a list of Funds on which this facility is available.

When requesting the conversion of Shares as an initial investment in a Fund, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum dealing amount for the relevant Fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum dealing amount for the relevant Fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class. In the case of a conversion of a holding in a Class of a Fund to a Class in the same Fund, the Shareholder requesting the conversion is not required to convert Shares equal to or exceeding the minimum holding for that Fund.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different Fund. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for Fund.

**REDEEMING SHARES – PRIMARY MARKET**

Authorised Participants may request the Company to redeem their Shares on any Dealing Day by submitting a redemption instruction before the Dealing Deadline in accordance with the following redemption procedures.

Except when the calculation of the Net Asset Value per Share is suspended, or as otherwise determined by the Company, all redemption instructions will be binding and irrevocable. Any properly made

redemption instruction received by the Administrator after the Dealing Deadline will not be accepted until the following Dealing Day unless the Directors and/or the Management Company otherwise determine. Authorised Participants will not be entitled to withdraw redemption instructions unless otherwise agreed by the Directors and/or the Management Company in consultation with the Administrator.

The Shares shall be redeemed at the Net Asset Value per Share less an appropriate provision for Duties and Charges on the Dealing Day on which redemption is effected.

Redemptions will only be processed on receipt of electronically sent instructions where payment is made to a bank account on record. In addition, the Administrator or the Directors may refuse to process a redemption until proper information has been provided.
No redemption payment may be made unless the original application form has been received by the Administrator and all documentation required in connection with anti-money laundering procedures has been received and anti-money laundering procedures have been completed.

If outstanding redemption requests from all holders of Shares of a particular Fund on any Dealing Day total an aggregate of more than 10% of all the Shares of such Fund in issue on such Dealing Day, the Directors shall be entitled, at their absolute discretion, to refuse to redeem such number of Shares in issue in that Fund on that Dealing Day in respect of which redemption requests have been received as the Directors shall determine. If the Directors refuse to redeem Shares for this reason, the requests for redemption on such date shall be reduced rateably and the Shares to which each request relates which are not redeemed shall be treated as if they were redemption requests received on each subsequent Dealing Day, provided that the Directors shall not be obliged to redeem more than 10% of the number of Shares of a particular Fund outstanding on any Dealing Day, until all the Shares of the Fund to which the original request related have been redeemed.

Where satisfaction of a redemption request would result in a Shareholder holding a number of Shares in a class with a value less than the Minimum Holding for that class, the Directors shall be entitled, at their discretion, to treat the redemption instruction as an instruction for the redemption of all of that Shareholder's Shares of the relevant class or to offer the Shareholder an opportunity to amend or withdraw the redemption instruction.

**Cash Redemptions**

If a redemption request relates to Shares which were entirely purchased for cash, those Shares may be redeemed for cash on each Dealing Day by submitting a redemption instruction before the Dealing Deadline in accordance with the procedure set out below. In the case of such Shares, if (i) the consent of the redeeming Shareholder is obtained or (ii) the redemption relates to Shares with a value equal to 5% or more of the Net Asset Value on any Dealing Day, the Directors may, at their absolute discretion, distribute underlying investments rather than cash provided the asset allocation is subject to the approval of the Depositary and that any such distribution shall not materially prejudice the interest of other Shareholders. In such circumstances, the relevant Shareholder will have the right to instruct the Company to procure the sale of such underlying investments on their behalf. In all other circumstances, redemption requests will, unless otherwise determined by the Directors, or in the case of a conversion of shares (see page 55 for details), be processed on an "in-kind" basis as described below.

*Direct Dealing (Cash Transaction) Fee*

All redemptions for cash will be subject to a Direct Dealing (Cash Transaction) Fee, as specified for each Fund in the relevant Fund Supplement. The Direct Dealing (Cash Transaction) Fee is payable to the Administrator as agent for the Company to offset the costs and expenses incurred by the Administrator in dealing in cash for that redemption. It will be deducted from the redemption proceeds. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion.

*Payment Procedures for Redemptions for Cash*

Unless disclosed otherwise in the relevant Fund Supplement, payment for Shares redeemed will be effected no later than 10 Business Days after the relevant Dealing Day. Redemption proceeds in either

the reference currency of the share class or, if available at the time of redemption, or other local currency (at a competitive rate provided by the Administrator) will be paid by telegraphic transfer to the appropriate bank account as notified by the redeeming Shareholder. Payment will be made only to an account in the name of the registered Shareholder.

*Redemption Proceeds*

The redemption proceeds will be paid less an appropriate provision for Duties and Charges and any telegraphic transfer costs, and the Administrator will identify the portion of such proceeds represented by any accrued income that is being paid to the redeeming Shareholder.

**In-Kind Redemption**

Each Fund will allow Authorised Participants to redeem only in Redemption Units, or in fractions of Redemption Units at the discretion of the Directors, on each Dealing Day. In this context, "in-kind" means that, rather than delivering cash proceeds in respect of a redemption, the Company will deliver securities (or predominantly securities).

*Publication of Portfolio Composition File*

The Portfolio Composition File will be available from the Investment Manager upon request.

*Notification of Cash Portion, In-Kind Transaction Fee and any Transfer Taxes*

On the Dealing Day on which receipt is accepted, a contract note will be sent to the Authorised Participant stating the In-Kind Transaction Fee deducted from the final redemption proceeds. The Administrator will also identify the portion of such proceeds represented by any Redemption Dividend that is being paid to the redeeming Shareholder. In limited circumstances, the securities portion of the Portfolio Deposit may differ from the Portfolio Composition File as a result of corporate actions or events affecting the securities detailed therein. The Company reserves the right to have the Depositary deliver to a person redeeming a previously agreed basket of securities by way of a Portfolio Deposit which is different from the Portfolio Composition File. In certain circumstances, and with advanced disclosure to the Authorised Participant, the Administrator, acting in accordance with instructions received from, or policies formulated by, the Directors, may permit or require that a percentage of the Cash Portion itself be deliverable in kind in one or more securities which are comprised in the Portfolio Composition File.

*Settlement Period*

The standard settlement period for in-kind redemptions will be specified in the relevant Fund Supplement but may vary depending upon the standard settlement periods of the underlying securities in the Portfolio Deposit. Any cash to be paid in respect of an in-kind redemption will be for value on the same day as settlement of the securities. Delivery of securities will be on a delivery versus payment settlement basis. The cost of any settlement by telegraphic transfer will be charged to and payable by the Authorised Participant.

*Partial Cash Settlement*

The Directors may, in their absolute discretion, satisfy part of the Authorised Participant for in-kind redemption in cash, e.g. in cases in which it believes that a security held by a Fund is unavailable for delivery or where it believes that an insufficient amount of that security is held for delivery to the Authorised Participant for redemption in-kind.

## Dealing on the secondary market

It is the intention of the Company that certain of its Funds, through the listing of its Shares on one or more Relevant Stock Exchange, will be an exchange traded fund. Upon such listings there is an expectation that one or more members of the Relevant Stock Exchange will act as market makers and provide offer and bid prices at which the Shares can be purchased or sold, respectively, on a Relevant Stock Exchange by investors.

Certain Authorised Participants who subscribe for Creation and Redemption Units may act as market makers; other Authorised Participants are expected to subscribe for Creation and Redemption Units in order to be able to offer to buy Shares from or sell Shares to retail customers as part of their broker/dealer business. The Directors expect that the activities of Authorised Participants will generate a liquid and efficient Secondary Market on one or more Recognised Markets. Persons who are not Authorised Participants or not able or willing to subscribe for and redeem Creation and Redemption Units will be able to buy Shares from, or sell Shares on the Secondary Market to, other retail investors or market makers or brokers or Authorised Participants at prices which should approximate, after currency conversion, the Net Asset Value per Share.

**PURCHASES AND SALES – SECONDARY MARKET**

Investors are able to buy and sell Shares on the Secondary Market through a stockbroker, share dealing service or third party administrator, in smaller quantities than would be possible if they were to subscribe and/or redeem Shares through the Company in the Primary Market.

Investors that purchased their Shares on the Secondary Market i.e. through a stock exchange, are advised to contact their stockbroker, share dealing service or third party administrator should they wish to sell their Shares.

Shares purchased on the Secondary Market cannot usually be sold directly back to the Company by investors who are not Authorised Participants. In exceptional circumstances, whether as a result of disruptions in the Secondary Market or otherwise, the Company will make a stock exchange announcement when such circumstances arise in order to notify investors that purchased Shares on the Secondary Market to contact the ICAV for information on the process to redeem Shares. Investors may then apply to the Company, in writing, for details of the process to be followed in order to redeem the Shares. Investors wishing to do so should contact the Administrator to provide such proper information, including original documentation, as the Administrator shall require in order to register the investor as a Shareholder. Shareholders may then access redemption facilities described above in the section **"**How to sell Shares - Primary Market Redemptions**"**. The Shares may then be redeemed at the Net Asset Value per Share less an appropriate provision for Duties and Charges on the Dealing Day on which redemption is affected.

**Secondary Market Prices**

The market price of Shares listed or traded on a Relevant Stock Exchange may not necessarily reflect the Net Asset Value per Share of a Fund, and may be subject to brokerage commissions and/or transfer taxes associated with the trading and settlement through the Relevant Stock Exchange.

There can be no guarantee that once the Shares are listed on a stock exchange they will remain listed. Shareholders should also read the risk warning headed "Secondary Market Trading Risk" and "Risk of Fluctuation of Net Asset Value and Trading Prices on the Secondary Market" in the section entitled "Risk Factors".

## General Provisions related to Shares

**TEMPORARY SUSPENSION OF DEALINGS**

The Directors may at any time, with prior notification to the Depositary, temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of Shares of any Fund, or the payment of redemption proceeds, during:

(a) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the Company are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings on any such Recognised Market are restricted or suspended;

(b) any period when, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the Directors, the disposal or valuation of investments for the time being comprised in the Company cannot, in the opinion of the Directors, be effected or completed normally or without prejudicing the interests of

Shareholders;

(c) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the Company or during any period when for any other reason the value of investments for the time being comprised in the Company cannot, in the opinion of the Directors, be promptly or accurately ascertained;

(d) any period when the Company is unable to repatriate funds for the purposes of making redemption payments or during which the realisation of investments for the time being comprised in the Company, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;

(e) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the Directors, have an adverse impact on the Company or the remaining Shareholders in the Company;

(f) any period when the Directors determine that it is in the best interests of the Shareholders to do so.

Notice of any such suspension shall be published by the Company at its registered office and in such newspapers and through such other media as the Directors may from time to time determine, if in the opinion of the Directors, it is likely to exceed thirty (30) days, and shall be transmitted immediately to the Central Bank and the Shareholders. Shareholders who have requested the issue or redemption of Shares of any series or class will have their subscription or redemption request dealt with on the first Dealing Day after the suspension has been lifted unless applications or redemption requests have been withdrawn prior to the lifting of the suspension. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

**TRANSFER OF SHARES**

Subject to and in accordance with the rules of the relevant stock exchange(s) and settlement systems, Shares are freely transferable except that the Directors may decline to register a transfer of Shares if the transfer is in breach of US securities laws.

**Subscriptions by and Transfers to US Persons**

The Directors will decline to register a subscription request or transfer of Shares if the transfer is on the behalf of or for the benefit of a "US Person". When the Company becomes aware that a Shareholder is (a) US Person or is holding Shares for the account or benefit a US Person, whether held directly on the register or via a nominee the Directors will direct the Shareholder to dispose of the Shares. Prospective investors should read the section "Mandatory Redemption of Shares" for more information. A non-US Person who invests through a US nominee will only be considered a non-US Person if the decision making process takes place outside of the United States.

Non-resident US investors may subscribe for Shares, or Shares may be transferred to non-resident US investors through a nominee, and only if:-

(i) The nominee:
- is a participating or deemed compliant Foreign Financial Institution ("FFI"), or
- has confirmed that it will apply to become a participating FFI or a deemed compliant FFI, or
- is governed by one of the Inter-Governmental Agreements.

(ii) There is no breach in:
- US securities laws; or
- the law of Ireland; or
- this Prospectus or the Articles

For these purposes, we define non-resident US investors as US tax residents (which will include both US citizens and Green Card holders) who are not currently residents of the United States (including all persons born in the US, who have not effectively renounced their citizenship, and persons with dual nationality or citizenship even though they may reside outside of the US and have no intention of residing

in the US).

**MANDATORY REDEMPTION OF SHARES**

Shares acquired directly or indirectly by a US Person (except pursuant to an exemption under applicable US Securities laws), persons in breach of any law or requirement of any country or persons who directly or indirectly may result in the Company or any relevant Fund incurring any liability to taxation or pecuniary disadvantage (for example if your holding consistently falls below the minimum holding requirement of the Class), are subject to compulsory transfer by the Company.

Shareholders are required to notify the Company immediately in the event that they become Irish Residents, or US Persons, as defined in this Prospectus under "Restrictions On Offers and Sales to US Persons". Shareholders are also required to notify the Company immediately in the event that they hold Shares for the account or benefit of Irish Residents or US persons. In addition, Shareholders are required to notify the Company if any information provided or representations made by them on any subscription application form is no longer correct.

Where the Company becomes aware that a Shareholder is (a) a US Person or is holding Shares for the account or benefit of a US Person and such person is not an "accredited investor" (as defined in Rule 501(a) of Regulation D under the 1933 Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the 1940 Act); or (b) not holding Shares equal to or greater than the Minimum Holding, the Directors, at their absolute discretion, may: (i) direct the Shareholder to dispose of those Shares to a person who is entitled to own the Shares within such time period as the Company stipulates; or (ii) redeem the Shares at their Net Asset Value per Share as at the next Business Day after the date of notification to the Shareholder or following the end of the period specified for disposal pursuant to (i) above.

Under the Articles, any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer, or deliver for redemption, his Shares pursuant to the above provisions or who fails to make the appropriate notification to the Company shall indemnify and hold harmless each of the Directors, the Company, the Investment Manager, the Administrator, the Depositary and the Shareholders (each an "**Indemnified Party**") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

The Company shall be entitled to redeem Shares in respect of any series or class in the Company in circumstances described in the section entitled "**Termination**".

**TERMINATION**

A Fund is established for an unlimited period and may have unlimited assets. However, a Fund may (but is not obliged to) redeem all of the Shares of any series or class in issue if:

(a) the Shareholders of the relevant Fund pass a special resolution providing for such redemption at a general meeting of the holders of the Shares of that class;

(b) the redemption of the Shares in that class is approved by a resolution in writing signed by all of the holders of the Shares in that class of the relevant Fund;

(c) the Directors deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the relevant Fund in any way; or

(d) the Net Asset Value of the relevant Fund falls below US$50,000,000 or the prevailing currency equivalent in the currency in which Shares of the relevant Fund are denominated;

(e) the Shares in the relevant Fund cease to be listed on a Listing Stock Exchange; or

(f) the Directors deem it appropriate for any other reason, in which case thirty days' notice shall be provided to Shareholders.

If the Depositary has given notice of its intention to retire and no new depositary acceptable to the Company and the Central Bank has been appointed within ninety (90) days of such notice, the Company shall apply to the Central Bank for revocation of its authorisation and shall redeem all of the Shares of any series or class in issue.

In each such case, the Shares of class shall be redeemed after giving not less than one month's but not more than three months' prior notice to all holders of such Shares. The Shares will be redeemed at the Net Asset Value per Share on the relevant Dealing Day less such sums as the Directors in their discretion may from time to time determine as an appropriate provision for estimated realisation costs of the assets of the Company.

Unamortised establishment and organisational expenses shall be borne by the Company.

## Valuation

### DETERMINATION OF NET ASSET VALUE

The Management Company has delegated the calculation of the Net Asset Value of each Fund and the Net Asset Value per Share to the Administrator.

The Net Asset Value of a Fund shall be calculated by ascertaining the value of the assets of the relevant Fund and deducting from such amount the liabilities of the Fund, which shall include all fees and expenses payable and/or accrued and/or estimated to be payable out of the assets of the Fund.

The Net Asset Value per Share in a Fund shall be calculated by dividing the Net Asset Value of the relevant Fund by the total number of Shares issued in respect of that Fund or deemed to be in issue as of the relevant Dealing Day.

The Net Asset Value per Share in each Fund shall be calculated to the nearest four decimal places in the Base Currency of the relevant Fund on each Dealing Day in accordance with the valuation provisions set out in the Articles and summarised below.

In the event that the Shares of any Fund are divided into different classes of Shares, the amount of the Net Asset Value of the Company attributable to a class shall be determined by establishing the number of Shares issued in the class at the relevant Valuation Point and by allocating the relevant fees and class expenses to the class, making appropriate adjustments to take account of distribution, subscriptions, redemptions, gains and expenses of that class and apportioning the Net Asset Value of the Company accordingly. The Net Asset Value per Share in respect of a class will be calculated by dividing the Net Asset Value of the relevant class by the number of Shares of the relevant class in issue. The Net Asset Value of the Company attributable to a class and the Net Asset Value per Share in respect of a class will be expressed in the class currency of such class if it is different to the Base Currency.

The Net Asset Value per Share in the Company in respect of any Dealing Day will be calculated using the value of each of the relevant assets or liabilities as at their respective Valuation Points and will be determined at the time set out in this Prospectus.

In calculating the Net Asset Value of each Fund and the Net Asset Value per Share in each Fund, the Administrator may rely on such automatic pricing services as it shall determine and the Administrator shall not be liable (in the absence of fraud, negligence or wilful misconduct) for any loss suffered by the Company or any Shareholder by reason of any error in calculation of the Net Asset Value resulting from any inaccuracy in the information provided by any pricing service. The Administrator shall use reasonable endeavours to verify any pricing information supplied by the Investment Manager or any connected person including a connected person who is a broker or market maker or other intermediary, however in certain circumstances it may not be possible or practicable for the Administrator to verify such information and in such circumstances the Administrator shall not be liable (in the absence of fraud, negligence or wilful misconduct) for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Investment Manager or its delegates provided that the use of such information in the circumstances was reasonable.

In circumstances where the Administrator is directed by the Investment Manager or its delegates to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Company or any Shareholder by reason of any error in the calculation of the Net Asset Value of the Fund and the Net Asset Value per Share in each Fund resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries.

Each asset which is quoted, listed or traded on or under the rules of any Recognised Market shall be valued using the index method of valuations which may be the closing bid; last bid; last traded; closing mid-market; latest mid-market price or a combination thereof on the relevant Recognised Market at the relevant Valuation Point. Please refer to the relevant Fund Supplement for the pricing policy of each Fund. If the investment is normally quoted, listed or traded on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be that which the main market for the investment is. If prices for an investment quoted, listed or traded on the relevant Recognised Market are not available at the relevant time, or are unrepresentative in the opinion of the Management Company, such investment shall be valued at such value as shall be estimated with care and in good faith as the probable realisation value of the investment by a competent professional person, firm or corporation appointed for such purpose by the Management Company and approved for the purpose by the Depositary. If the investment is quoted, listed or traded on a Recognised Market but acquired or traded at a premium or discount outside of or off the Recognised Market, the investment shall be valued taking into account the level of premium or discount as of the date of valuation of the instrument and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security. Neither the Directors or their delegates nor the Depositary shall be under any liability if a price reasonably believed by them to be the last known market price or, as the case may be, middle market quotation for the time being, may be found not to be such.

The value of any investment which is not normally quoted, listed or traded on or under the rules of a Recognised Market, will be valued at its probable realisation value estimated with care and in good faith by the Management Company in consultation with the Administrator or by a competent person, firm or corporation appointed by the Management Company and approved for such purpose by the Depositary.

Cash in hand or on deposit shall be valued at face value together with accrued interest where applicable, unless in the opinion of the Management Company (in consultation with the Administrator and the Depositary) any adjustment should be made to reflect the fair value thereof. Derivative instruments including swaps, interest rate futures contracts and other financial futures contracts which are traded on a Recognised Market shall be valued at the settlement price as determined by the relevant Recognised Market at the close of business on such Recognised Market, provided that where it is not the practice of the relevant Recognised Market to quote a settlement price, or if a settlement price is not available for any reason, such instruments shall be valued at their probable realisation value estimated with care and in good faith by the Management Company in consultation with the Administrator. The value of forward foreign exchange contracts which are dealt in on a Recognised Market shall be calculated by reference to freely available market quotations.

Derivative instruments and forward exchange contracts which are not dealt on a Recognised Market shall be valued by the counterparty at least daily, provided that the valuation is verified at least weekly either by the Investment Manager or other independent party such person to be independent of the counterparty, appointed by the Management Company and approved for that purpose by the Depositary.

Certificates of deposit shall be valued by reference to the latest available sale price for certificates of deposit of like maturity, amount and credit risk on each Dealing Day or, if such price is not available, at the latest bid price or, if such price is not available or is unrepresentative of the value of such certificate of deposit in the opinion of the Management Company, at probable realisation value estimated with care and in good faith by a competent person appointed by the Management Company and approved for the purpose by the Depositary. Treasury bills and bills of exchange shall be valued with reference to prices ruling in the relevant markets for such instruments of like maturity, amount and credit risk at close of business on such markets on the relevant Dealing Day.

Units or shares in collective investment schemes shall be valued on the basis of the latest available net asset value per unit as published by the collective investment scheme. If units or shares in such collective investment schemes are quoted, listed or traded on or under the rules of any Recognised

Market then such units or shares will be valued in accordance with the rules set out above for the valuation of assets which are quoted, listed or traded on or under the rules of any Recognised Market. If such prices are unavailable, the units will be valued at their probable realisation value estimated with care and in good faith by the Management Company in consultation with the Administrator or by a competent person, firm or corporation appointed for such purpose by the Management Company and approved for the purpose by the Depositary.

Notwithstanding the above provisions the Management Company may, with the approval of the Depositary (a) adjust the valuation of any listed investment where such adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant; or (b) in relation to a specific asset permit an alternative method of valuation approved by the Depositary to be used if they deem it necessary.

In determining the Company's Net Asset Value per Share, all assets and liabilities initially expressed in foreign currencies will be converted into the Base Currency of the Company using the market rates prevailing at the Valuation Point. If such quotations are not available, the rate of exchange will be determined to be the probable realisation value estimated with care and in good faith by the Management Company.

Save where the determination of the Net Asset Value per Share in respect of the Company has been temporarily suspended in the circumstances described under "**Temporary Suspension of Dealings**" below, the Net Asset Value per Share the Company shall be made public at the registered office of the Investment Manager and shall also be published by the Administrator in various publications as notified to any Listing Stock Exchange in accordance with the rules of the relevant Listing Stock Exchange. The manner of publication of the Net Asset Value per Share for each Fund will be specified in the relevant Fund Supplement.

**Intra-Day NAV**

The Directors may, at their discretion, make available, or may designate other persons to make available, on each day which is not a UK public holiday, an intra-day Fund value for one or more Funds (the "**Intra-Day NAV**"). The Intra-Day NAV is an estimate of the Net Asset Value per Share of a Fund calculated using market data at 15 second intervals during trading hours. If such information is made available on any Business Day, the Intra-Day NAV will be calculated based upon information available during the Business Day or any portion of the Business Day, and will ordinarily be based upon the current value of the securities portion of a Portfolio Deposit in existence on such Business Day, together with a cash amount which is generally approximately equal to the Cash Portion as at the previous Business Day.

**Non-Dealing NAV**

In addition, the Directors may, at their discretion, make available, or may designate other persons to make available, on certain days, an indicative fund value for one or more Funds which is an estimate of the Net Asset Value per Share of a Fund calculated using market data (the "**Non-Dealing NAV**"). The Non-Dealing NAV will be made available on any day during which the markets on which a Fund's investments are listed or traded or markets relevant to an index are closed and as a result of which countries that comprise a material portion of the index may not be traded. The Non-Dealing NAV will not be the price for purchasing, switching, redeeming and/or transferring Shares.

Premiums and discounts between the Intra-Day NAV and/or the Non-Dealing NAV, as applicable, and the market price may occur and neither the Intra-Day NAV nor the Non-Dealing NAV should be viewed as a "real-time" update of the Net Asset Value per Share of the relevant Shares of a Fund, which is calculated only once a day on a Dealing Day. Neither the Company, the Management Company, nor the Investment Manager or any of their affiliates, nor any third party calculation agents involved in, or responsible for, the calculation or publication of either or both the Intra-Day NAV or the Non-Dealing NAV, as applicable, makes any warranty as to their accuracy. The Directors will make available the Intra-Day NAV and the Non-Dealing NAV if this is required by any Relevant Stock Exchange.

## THE DIRECTORS AND SECRETARY

The Directors are responsible for managing the business affairs of the Company. The Directors have appointed HSBC Investment Funds (Luxembourg) S.A. as the management company and global distributor under the Management Agreement to be responsible on a day-to-day basis under the supervision of the Directors, for providing administration, marketing, global distribution and investment management services in respect of all Funds. The Directors have delegated the safe-keeping of the Company's assets to the Depositary.
The Directors are listed below with their principal occupations. None of the Directors has entered into an employment or service contract with the Company nor is any such contract proposed. Consequently, the Directors are all non-executive Directors. The Company has granted indemnities to the Directors in respect of any loss or damages which they may suffer save where this results from the Directors' negligence, default, breach of duty or breach of trust in relation to the Company. The Articles do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation. The address of the Directors is the registered office of the Company.

**Suzanne Williams (British)** is the Global Head of Product Development within HSBC Asset Management. Based in London she has worked in financial services since 1999 and has held various senior positions in Asset Management. In addition to managing the team globally, Ms. Williams is responsible for HSBC AM's Global product range across active and passive strategies and is active in Sustainability across HSBC Asset Management. She serves as a Director for HSBC's Real Economy Global Investment Opportunity Fund. Prior to joining HSBC, she was the Global Head of Product Structuring (Managing Director) for BNY Mellon with responsibility for developing investor solutions across long only and Alternatives out of the U.K, Ireland and Luxembourg. Ms. Williams has held positions as Head of product, iShares solutions at Blackrock/Barclays Global Investors with responsibility for developing ETFs in Europe and building relationships with index & service providers. She holds a Bachelor of Science (Honors) from the University of Glasgow and is passionate in improving the lives of others, mentoring for children in care and volunteering with a London based homeless shelter.

**Eimear Cowhey (Irish Resident) (Independent)** has over 30 years' experience in the offshore funds industry and currently acts as a non-executive independent chairman, director and committee member of various investment fund and management boards in Dublin, Luxembourg and the U.K. From 1999 to 2006 she held various executive positions within Amundi Pioneer, including Head of Legal and Compliance and Head of International Product Development. From 1992 to 1999, she held various executive positions within Invesco Asset Management, including Managing Director, Global Fund Director and Head Legal Counsel. Ms. Cowhey is a qualified Irish lawyer with a Diploma in Accounting and Finance, Diploma in Company Direction (IoD), Certificate in Financial Services Law and is in the course of achieving Chartered Director status from the IoD (London).

Ms Cowhey was a member of the Committee on Collective Investment Governance (CCIG) which was established by the Central Bank in December 2013 and which issued an expert report in July 2014 on recommendations for good governance practice for investment funds.

She is a former Council member and past Chairman of Irish Funds (formerly IFIA) and is a former member of the IFSC Funds Group a joint government/industry group to advise the government of investment fund related matters. She is a founder and director of basis.point which is the Irish investment fund industry charity focused on alleviating poverty through education, particularly among the youth of Ireland.

**Feargal Dempsey (Irish Resident) (Independent)** is a provider of independent consulting and directorship services with over 20 years' experience in financial services. He serves on the boards of several investment funds and management companies. Mr. Dempsey has held senior positions at Barclays Global Investors/BlackRock including Head of Product Governance, Head of Product Strategy iShares EMEA and Head of Product Structuring EMEA. Previously he has also served as Group Legal Counsel, Eagle Star Life Ireland (now Zurich Financial Services), Head of Legal to ETF Securities and as a senior lawyer in Pioneer Amundi.

Mr. Dempsey holds a BA(Hons) and an LLB(Hons) from University College Galway and a Diploma in Financial Services Law from University College Dublin. He was admitted to the Roll of Solicitors in Ireland in 1996 and to the England and Wales Law Society in 2005. He has served on the Legal and Regulatory committee of Irish Funds and the ETF Working Group at the European Fund Asset Management Association.

**Anthony Jeffs (Chairperson) (United Kingdom)** joined HSBC Asset Management in June 1990, initially working for the UK Private Client business and more latterly within the Institutional business. Mr. Jeffs previously held roles in Operations, Multimanager, and Change Management. Since July 2013, Mr. Jeffs has been Head of Product Platforms, which encompasses the design, development and implementation of change for HSBC Asset Management's key cross border products, as well as responsibility for the Alternative products following the realignment of HSBC Alternative Investment Ltd into HSBC Asset Management. In July 2020, Mr. Jeffs took on the broader role as Global Head of Product for HSBC Asset Management.

**Peter Blessing (Irish Resident) (Independent)** is a Chartered Accountant and is also a director of and consultant to a number of International Financial Services Centre ("IFSC") companies. Mr. Blessing has been involved in the IFSC since its commencement in 1987. Mr. Blessing was Managing Director of Credit Lyonnais Financial Services Limited, Dublin ("CLYFS") since its establishment in 1991 until 1995. Before joining CLYFS, Mr. Blessing worked with Allied Irish Banks, p.l.c. as director of its IFSC subsidiary from 1988 to 1991 and as a senior executive in its Corporate Finance division from 1982 to 1988. Mr. Blessing was a director and shareholder of Corporate Finance Ireland, a leading corporate finance and real estate advisory boutique from 1995 until its sale in 2016. He has extensive experience of investment banking, funds management and corporate governance.

**Simon Fryatt (Hong Kong)** is Head of Product for HSBC Global Asset Management (Hong Kong) Limited. Mr. Fryatt joined HSBC's retail bank in 2010 and subsequently joined HSBC Asset Management's product team in 2013. Mr. Fryatt's initial focus was on the product management and development of HSBC Asset Management's global fund ranges. Mr. Fryatt joined HSBC Global Asset Management (Hong Kong) Limited in 2016 with a focus on the product management and development of HSBC Asset Management's Hong Kong fund ranges as well as supporting the distribution of HSBC Asset Management's global fund ranges in Hong Kong. Mr Fryatt is a CFA® charterholder.

The Secretary is Goodbody Secretarial Limited.

## CORPORATE GOVERNANCE

The Company is incorporated in Ireland and is therefore subject to the UCITS Regulations and, as applicable, company law in Ireland and is required to comply with the corporate governance requirements of the UCITS Regulations and company law in Ireland. The Directors have committed to maintain a high standard of corporate governance and will seek to comply with the Act, the Irish Regulations and the Central Bank's requirements for UCITS companies.

## THE MANAGEMENT COMPANY

The Directors have appointed HSBC Investment Funds (Luxembourg) S.A. as the management company and global distributor under the management agreement dated 1 April 2019 (the "**Management Agreement**") to be responsible on a day-to-day basis, and subject to the supervision of the Directors, for providing administration, marketing, global distribution and investment management services in respect of the Funds.

Under the Management Agreement, the Management Company is authorised to appoint affiliate companies of the HSBC Group as Distributors, who may in turn, subject to their terms of appointment, appoint sub-distributors.

The Management Company was incorporated on 26 September 1988 as a société anonyme under the laws of the Grand Duchy of Luxembourg and is registered with the register of commerce and companies under the number B28 888. Its articles of incorporation are deposited with the register of commerce and companies. The Management Company is authorised by the CSSF as a management company subject to Chapter 15 of the Luxembourg Law of 17 December 2010 on undertakings for collective investment,

implementing UCITS IV directive 2009/65/EC into the Luxembourg law (the "**2010 Law**"). The share capital of the Management Company is GBP 1,675,000.00 and will be increased to comply at all times with article 102 of the 2010 Law.

The secretary of the Management Company is HSBC Continental Europe, Luxembourg Branch. Further details on the directors of the Management Company are set out below.

**Timothy Caverly (American)** is a non–executive independent director based in Luxembourg. He currently serves as a board member for Luxembourg investment management and fund entities including INVESCO and HSBC. Mr. Caverly retired from State Street Corporation as an Executive Vice President in November 2013. During his thirty-year career at State Street Corporation, he held several senior management positions both in Europe and in the United States. At State Street, he led the Global Services business in Continental Europe as well as EMEA Offshore (Luxembourg, Ireland, Channel Islands). He also was responsible for State Street's Global Services business development and relationship management activities across Europe, the Middle East and Africa. He served as Chairman of the Boards of Directors of State Street Bank Luxembourg and State Street Banque France. In addition he was a member of the Board of Directors of State Street Ireland, State Street Poland and State Street Channel Islands. While in Luxembourg Mr. Caverly has served on the Executive Committee and as member of the Board of Directors of the Luxembourg Banker's Association (ABBL) and as President of the American Banker's Club, Mr. Caverly also chaired State Street's company-wide United Way Charity Campaign. He is a graduate of Colgate University (Bachelors of Arts) and Thunderbird School of Global Management (Masters in International Management).

**Cecilia Lazzari (Italian)** is a Conducting Officer and Chief Risk Officer for HSBC Investment Funds (Luxembourg) S.A. since December 2013. Ms. Lazzari
completed her university studies at the University of Buenos Aires, Argentina and graduated as an Economist. Ms. Lazzari is a Certified International Investment Analyst (CIIA) and Certified European Financial Analyst (CEFA). Prior to joining the Management Company, Ms. Lazzari was a Conducting Officer and held senior Risk Management roles for MDO Management Company SA, an independent management company offering services to asset management clients. Ms. Lazzari has also worked within financial services in Argentina for private companies.. Ms. Lazzari is a member of the Luxembourg local management committee of the Management Company.

**Richard Long (British)** is Head of Global Funds Operations for HSBC Investment Funds (Luxembourg) S.A. Mr. Long joined HSBC in 1986. Mr. Long moved into Asset Management in 1991 to look after unit trust administration and worked in Luxembourg between 1999 and 2002 as senior product manager for the Luxembourg funds. Mr. Long returned to London to look after the global funds operations for the HSBC funds domiciled in Dublin and Luxembourg, before relocating to Luxembourg in October 2011 to head up the Management Company. In September 2018, Mr. Long took on additional responsibility for the day to day fund operations for the UK OEIC ranges and the Dublin domiciled fund ranges promoted by HSBC Asset Management. Mr. Long is a Director of HSBC Investment Funds (Luxembourg) S.A. and is a member of the HSBC Luxembourg Country Executive Committee.

**Natasha Cork (British)** is Chief Risk and Compliance Officer for HSBC Asset Management, located in London. Natasha has over 25 years of experience in financial services and joined HSBC Asset Management in 2001 where she has held various roles in the Compliance team. In May 2023 Natasha was appointed the Chief Risk and Compliance Officer for Asset Management with responsibility for Risk and Compliance globally. Natasha is a Director of HSBC Investment Funds (Luxembourg) and holds a BA Hons in Philosophy from Bristol University.

**Edmund Stokes (British)** is Global Chief Operating Officer and is based in the UK. Prior to taking on his current role, Mr. Stokes was Global Head of Product and prior to that Chief Operating Officer of HSBC Asset Management Asia Pacific. Mr. Stokes has extensive experience in asset management and capital markets having joined HSBC in 1993, initially in Global Banking & Markets. He has undertaken a variety of Client Management, Business Development, Structuring and Management roles in the UK, Hong Kong and Germany. Having studied Business at Sheffield Polytechnic and Japanese at Durham University, Mr. Stokes qualified as an Associate of both the Chartered Institute of Bankers and the Association of Corporate Treasurers.

**Susanne Van Dootingh (Dutch)** is an independent director and member of the Board since November

2017. Ms van Dootingh was at State Street Global Advisors from 2002 to 2017 with her final position being as Senior Managing Director, Head of European Governance and Regulatory Strategy, EMEA. In addition she was the Chair of the SSGA Sicav and Management Company and has been a member of various ESMA consultative working groups since 2013. Prior to this she held positions within State Street Global Investors as the Global Head of Institutional Product Development and Research, Head of European Product Development and Management, EMEA, Head of Fixed Income Product Engineering, EMEA and Senior Fixed Income Strategist and Product Engineer. Before 2002, Ms van Dootingh worked at Fortis Investment Management as Senior Product Manager, European Fixed Income, at Barclays Global Investors as Product Manager, Fixed Income, and at ABN AMRO Asset Management as Portfolio Manager Global Fixed Income. She graduated from Vrije Universiteit Amsterdam with a Master's in Business Administration. Ms van Dootingh is currently a Director of several Sicav boards in Luxembourg.

The Management Agreement covers the appointment of the Management Company, the standard of care to be applied by the Management Company and the control and supervision of the Management Company.

The Management Agreement details the representations that need to be made by the Company and the Management Company. In conjunction with this, the Management Agreement defines the duties and powers of the Management Company together with its responsibilities.

The Management Agreement also details activities related to the delegation of activity by the Management Company. Concerning the operational aspects, the agreement also defines such matters as 'proper instructions' and matters related to the charges and expenses of the Management Company. The Management Agreement also contains appendices which detail reporting requirements under the European Market Infrastructure Regulation as well as requirements under Data Protection Legislation.

Liability of the parties is included in the Management Agreement which provides for liability of one party to the other party for any losses, actions, proceedings, claims, damages, costs, demands and expenses including reasonable legal and professional expenses suffered or incurred to the extent caused by the breach of contract or the negligence, fraud or wilful misconduct in the performance of duties and obligations pursuant to the Management Agreement.

A clause covering 'force majeure' is included together with matters related to conflicts of interest. The Management Agreement also details obligations around confidentiality, anti-bribery and corruption, the effective date, the duration and termination. The Management Agreement may be terminated by either party by giving not less than three months' prior written notice to the other party. In certain cases, either party may terminate the Management Agreement with immediate effect by written notice to the other party. The Management Agreement also covers obligations around notices, severability, waivers, assignments and amendments, plus the governing law and jurisdiction.

The Management Company and the Investment Manager are members of the HSBC Group, which serves customers worldwide in over 70 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa.

The Management Company shall ensure compliance of the Company with its investment instructions and oversee the implementation of the Company's strategies and investment policies.

The Management Company has delegated responsibility for the investment management and disposal of the assets of the Company to the Investment Manager. The Investment Manager, in accordance with the investment objectives, policies and investment and borrowing restrictions of the Company makes and implements asset management and portfolio selection recommendations in connection with the investment and reinvestment of the assets of the relevant Funds of the Company.

In addition, the Management Company may from time to time delegate the marketing, distribution and sale of Shares to a Distributor or Distributors.

The Management Company has delegated the administration of the Company's affairs, including responsibility for the preparation and maintenance of the Company's records and accounts and related fund accounting matters (including the calculation of the Net Asset Value per Share) and Shareholder

registration and transfer agency services to the Administrator.

**THE INVESTMENT MANAGER**

The Management Company has appointed HSBC Global Asset Management (UK) Limited (the "**Investment Manager**") as the Investment Manager, with responsibility for all of the investment decisions relating to the Company's investment portfolio. The Investment Manager's registered office is 8 Canada Square, London E14 5HQ. It is a limited liability company incorporated under the laws of England and a wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in the UK and listed on the London Stock Exchange. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Management Agreement dated 1 April 2019 between the Management Company and the Investment Manager (the "**Investment Management Agreement**") provides that each party will be liable to the other party in case of negligence, fraud or wilful misconduct in the performance of its duties and obligations pursuant to the Investment Management Agreement.

The Investment Manager shall indemnify and hold harmless the Company, and/or the Management Company, as well as their officers, directors, staff or shareholders from and against all costs, expenses, losses, damages, liabilities, demands, charges, penalties, actions, claims, judgements, measures imposed by the courts, that may be sustained, caused to or incurred by any of them and that result from the non-performance of duties and obligations pursuant to the Investment Management Agreement. The Management Company shall indemnify the Investment Manager against the same arising out of (i) the non-performance by the Management Company any of its duties and obligations pursuant to the Investment Management Agreement; or (ii) any action properly taken by the Investment Manager as agent for the Management Company in accordance with the Investment Management Agreement.

Under the Investment Management Agreement, the Investment Manager shall be at liberty in the performance of its duties with respect to the selection of investments and in the exercise of the powers, discretions, privileges and duties vested in it hereunder to act by responsible officers or employees and, with the approval of the Management Company, to employ and pay out of its assets a sub-adviser (including but not limited any of its affiliates) to perform or concur in performing any of the investment advisory services required to be performed under the Investment Management Agreement. The Investment Manager shall remain responsible to the Management Company for acts or omissions of such entity. The Investment Manager is required under the Investment Management Agreement to carry out initial and ongoing due diligence and report thereon to the Management Company. The Investment Manager may also employ agents (including affiliates, brokers, dealers and other financial intermediaries) to perform any administrative, dealing or ancillary services required to enable the Investment Manager to perform its services and is required to act in good faith and with reasonable skill and care in the selection, use and monitoring of agents.

The Investment Management Agreement shall continue in force unless and until terminated by one party giving not less than three months' prior written notice to the other party. Either Party may terminate the Investment Management Agreement with immediate effect by written notice if the other party has committed any breach of the Investment Management Agreement and fails to correct such breach within thirty days of receipt of written notice from the other party or within such other period as agreed between the parties. Either party may also terminate the Investment Management Agreement with immediate effect by written notice if the other party shall go into liquidation (save for the voluntary liquidation of a solvent company for the purposes of amalgamation or reconstruction) or if either party shall otherwise become insolvent or make any composition or arrangement with creditors or in the event of the appointment of a receiver over any of the assets of either party or if an examiner is appointed to either party or if either party shall otherwise cease or threaten to cease to carry on business. The Management Company may terminate the Investment Management Agreement with immediate effect if it is of the reasonable view and states so in writing that a change of the Investment Manager is in the interests of the Shareholders.

**THE ADMINISTRATOR**

The Management Company has appointed HSBC Securities Services (Ireland) DAC (the "**Administrator**") to act as registrar and transfer agent in respect of the Authorised Participants and administrator of the Company responsible for performing the day to day administration of the Company;

for providing fund accounting for the Company, including the calculation of the Net Asset Value of the Company and the Shares.

The Administrator was incorporated as a private limited company incorporated under the laws of Ireland on 29 November 1991 and is engaged in the business of providing administration and accounting services to collective investment schemes. The Administrator is an indirect wholly owned subsidiary of HSBC Holdings plc, a public limited company incorporated in the UK. As at 30 June 2012, HSBC Holdings plc had consolidated gross assets of approximately US$2,652 billion.

The amended and restated Administration Agreement between the Company, the Management Company and the Administrator dated 23 March 2020 (the "**Administration Agreement**") shall continue in force until terminated by any of the parties giving to the other 90 days' written notice. The Administration Agreement may however be terminated without regard to the 90 days' written notice in certain circumstances including if a) any party is found to be in unremedied material breach of the terms of the Agreement; or b) either party shall go into liquidation.

With effect from on or around 18 October 2021, the Administrator will maintain an Umbrella Cash Account for the Company. Subscription, redemption and dividend monies will be held in a single Umbrella Cash Account for each currency in which a Class of Shares is denominated. The assets in the Umbrella Cash Accounts will be assets of the Company.

Subscription monies received by a Fund in advance of the issue of Shares will be held in an Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the relevant Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in an Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in an Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist financing legislation, the redemption and dividend payments will be retained in an Umbrella Cash Account and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see "Risks Associated with Umbrella Cash Accounts" in the section "Risk Factors" in this Prospectus.

The Administrator shall not, in the absence of fraud, negligence or wilful misconduct on the part of the Administrator or any affiliates, directors, officers or employees be liable to the Company or the Management Company for any act or omission in the course of or in connection with the services rendered by it under the Administration Agreement. The Management Company, out of the assets of the Company, has agreed to indemnify the Administrator, its delegated affiliates, directors, officers or employees from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from fraud, negligence or wilful misconduct on the part of the Administrator, its delegated affiliates, directors, officers or employees) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties under the Administration Agreement.

**THE DEPOSITARY**

Pursuant to the amended and restated agreement dated 1 April 2019 between the Company, the Management Company and the Depositary (the "Depositary Agreement") and for the purposes of and

in compliance with the UCITS Regulations, the Depositary has been appointed as depositary to the Company.

The Depositary is HSBC Continental Europe. HSBC Continental Europe has a registered branch in Ireland (registration number 908966) having its registered office at 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, D02 P820 and is regulated and supervised by the Central Bank as a depositary for Irish authorised investment funds and otherwise regulated by the Central Bank for conduct of business rules. HSBC Continental Europe is a company incorporated under the laws of France as a société anonyme (registered number 775 670 284 RCS Paris), having its registered office at 38 Avenue Kléber, 75116 Paris, France.

The Depositary provides services to the Company as set out in the Depositary Agreement and, in doing so, shall comply with the UCITS Regulations.

The Depositary's duties include the following:

(a) safekeeping the assets of the relevant Funds which includes (i) holding in custody all financial instruments that may be held in custody in accordance with Regulations 34(4)(a) of the UCITS Regulations; and (ii) verifying the ownership of other assets and maintaining records accordingly, in each case in accordance with Regulation 34(4)(b) of the UCITS Regulations;

(b) ensuring that the relevant Fund's cash flows are properly monitored and in particular that all payments made by or on behalf of applicants upon the subscription to shares of the Funds have been received and that all cash of the relevant Fund has been booked in cash accounts that are in accordance with Regulation 34(3) of the UCITS Regulations;

(c) ensuring that the sale, issue, redemption, repurchase and cancellation of Shares is carried out in accordance with the UCITS Regulations and the Articles and that the valuation of the shares of the Funds are calculated in accordance with the UCITS Regulations and the Articles;

(d) carrying out the instructions of the Company and/or the Management Company unless they conflict with the UCITS Regulations or the Articles;

(e) ensuring that in transactions involving the relevant Fund's assets any consideration is remitted to the Company within the usual time limits;

(f) ensuring that the Fund's income is applied in accordance with the UCITS Regulations and the Articles;

(g) enquiring into the conduct of the Company in each accounting period and report thereon to the Shareholders. The Depositary's report shall state whether in the Depositary's opinion the Company has been managed in that period:

    (1) in accordance with the limitations imposed on the borrowing powers of the Company by the Articles and by the Central Bank under the powers granted to the Central Bank of Ireland by the UCITS Regulations;

    (2) otherwise in accordance with the provisions of the Articles and the UCITS Regulations; and

    (3) if the Company has not been managed in accordance with (1) or (2) above, the Depositary must state why this is the case and outline the steps which the Depositary has taken to rectify the situation.

The Depositary may delegate its safekeeping functions to one or more delegates in accordance with, and subject to the UCITS Regulations and on the terms set out in the Depositary Agreement. The performance of the safekeeping function of the Depositary in respect of certain of the relevant Fund's assets has been delegated to the delegates listed in Appendix C An up to date list of any such delegate(s) is available from the Company and/or the Management Company on request.

The Depositary will have certain tax information-gathering, reporting and withholding obligations relating to payments arising in respect of assets held by the Depositary or a delegate on its behalf.

Subject to the paragraph below, and pursuant to the Depositary Agreement, the Depositary will be liable to the Company and its Shareholders for the loss of a financial instrument of the Company which is entrusted to the Depositary for safekeeping. The Depositary shall also be liable for all other losses suffered by the Company as a result of its negligence or intentional failure to properly fulfil its obligations under the UCITS Regulations.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

The Depositary shall not be liable for the loss of a financial instrument held in custody by the Depositary where the loss of the financial instrument arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

The Company, out of the assets of the relevant Fund, shall indemnify the Depositary, every delegate and their respective officers, agents and employees ("Indemnified Persons") on an after-tax basis in respect of any and all Liabilities (as defined in the Depositary Agreement) brought against, suffered or incurred by that Indemnified Person as a result of or in connection with:

(i) the appointment of the Depositary under the Depositary Agreement or the performance by the Depositary of the services set out in the Depositary Agreement;

(ii) any breach by the Company or the Management Company of Applicable Law (as defined in the Depositary Agreement), the Articles, the Depositary Agreement, this Prospectus or fraud, negligence or wilful default of the Company or the Management Company to disclose to the Shareholders any information required by the Depositary Agreement or the UCITS Regulations, or to provide to the Depositary with any information required by the Depositary in order to provide the services listed in the Depositary Agreement;

(iii) any Identified Custody Risk or any Identified Segregation Risk (as defined in the Depositary Agreement);

(iv) the registration of Financial Instruments and Other Assets in the name of the Depositary or any delegate or Settlement System (as defined in the Depositary Agreement);

(v) any breach of or default under any of the representations, warranties, covenants, undertakings or agreements made by the Depositary, a delegate or sub-delegate of a delegate (or a nominee of the Depositary, a delegate or sub-delegate of a delegate) on behalf of the Company in connection with any subscription agreements, application forms, shareholder questionnaires, purchase agreements, related documentation or similar materials relating to the relevant Fund's investment in any collective investment scheme, managed account, investment company or similar pooled investment vehicle on behalf of the Company, provided that such indemnity shall not apply to any Liabilities (as defined in the Depositary Agreement) arising out of the negligence, fraud or wilful default of the Indemnified Person or to the extent that such indemnity would require the Company and the Management Company to indemnify the Depositary for any loss for which the Depositary is liable to the Company under the UCITS Regulations.

The Depositary's liability to the Shareholders of the Company may be invoked directly or indirectly though the Company provided this does not lead to duplication of redress or to unequal treatment of Shareholders.

The appointment of the Depositary under the Depositary Agreement may be terminated without cause by not less than (90) days written notice provided that the Depositary Agreement does not terminate until a replacement Depositary has been appointed. The Depositary Agreement may be terminated by the Company or the Management Company giving notice in writing to the Depositary if at any time: (i) the Depositary is subject to an insolvency event as defined in the Depositary Agreement; (ii) the Central

Bank determines to replace the Depositary with another depositary; (iii) the Depositary ceases to be qualified to be appointed as a depositary under the UCITS Regulations; (iv) the Depositary has committed a material breach of any material term of the Depositary Agreement and, if such breach is capable of remedy it has not been remedied within thirty days after service of written notice requiring it to be remedied. The Depositary Agreement may also be terminated by the Depositary giving notice in writing to the Company if at any time: (i) the Company or the Management Company is subject to an insolvency event as defined in the Depositary Agreement; (ii) the authorisation of the Company is revoked by the Central Bank; (iii) the authorisation of the Management Company is revoked by the CSSF; (iv) the Company or the Management Company has committed a breach of the Depositary Agreement which in the opinion of the Depositary increases the risks incurred by the Depositary in providing the services as set out in the Depositary Agreement, or prejudices the ability of the Depositary to provide the services; (v) the Company of the Management Company has committed a material breach of any material term of the Depositary Agreement and, if such breach is capable of remedy it has not been remedied within thirty days after service of written notice requiring it to be remedied; or (vi) the Management Company ceases to be the designated management company of the Company without the prior written consent of the Depositary or ceases to be qualified to act as such under the UCITS Regulations and/or Luxembourg laws.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Company and has a financial or business interest in such product or service, or receives remuneration for other related products or services it provides to the Company. The Depositary maintains a conflict of interest policy to address this.

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary (or any of its affiliates) act. Potential conflicts of interest may also arise between the Depositary and its delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will have regard to the applicable laws.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed.

The Depositary in no way acts as guarantor or offeror of the Company's shares or any underlying investment. The Depositary is a service provider to the Company and has no responsibility or authority to make investment decisions, or render investment advice, with respect to the assets of the Company .Save as required by the UCITS Regulations, the Depositary is not responsible for, and accepts no responsibility or liability for, any losses suffered by the Company or any Shareholders in the Company as a result of any failure by the Company or the Investment Manager to adhere to the Company's investment objectives, policy, investment restrictions, borrowing restrictions or operating guidelines.

Up to date information regarding the name and duties of the Depositary, any conflicts of interest and delegations of the Depositary's safekeeping functions will be made available to Shareholders on request.

The Depositary is a service provider to the Company and is not responsible for the preparation of this document or for the activities of the Company and therefore accepts no responsibility for any information contained, or incorporated by reference, in this document.

**THE SECRETARY**

The Secretary is Goodbody Secretarial Limited ("GSL"). GSL provides a range of services such as preparing AGM documentation, reminding clients when annual returns are due, preparing and filing same on their behalf, preparing board resolutions relating to changes in directors, transfers of shares etc. and preparing the requisite statutory forms for filing in the Companies Registration Office. GSL also monitor any change in the Act on behalf of the Company and are the registered office for the Company.

**PAYING AGENTS**

Shareholders should note that local laws/regulations may require the appointment of facilities agents/paying agents/representatives/distributors/correspondent banks (any such appointee hereafter referred to as a "**Paying Agent**") and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged to under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Administrator (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against the intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator for the account of the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Management Company which will be at normal commercial rates will be borne by the Company in respect of which a Paying Agent has been appointed. All Shareholders of the relevant Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by the Management Company on behalf of the Company. Appendix B lists the Paying Agents which have been appointed by the Management Company at the date of the appendix.

**REMUNERATION POLICY**

The Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or the Company. The main features of the remuneration policy are as follows:

- It is compliant with and promotes a sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles of the Company or the Instrument and which does not interfere with the obligation of the Management Company to act in the best interests of the Company. It takes into account the business strategy, objectives, values and interests of the Management Company, the Company and its shareholders, and includes measures to avoid conflicts of interest;

- It ensures that fixed and variable components of the total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component; and

- It provides for remuneration decisions to be based on a combination of business results and performance against objectives and is consistent with a medium to long-term strategy, shareholders' interests and adherence to HSBC values. A portion of the variable component of the total remuneration may be paid using deferred shares depending on the total level of remuneration. The deferral period for these shares is currently three years with 50% of the deferred shares being vested after two years and the remaining 50% vesting at the end of the three year deferral period. The deferred shares are awarded subject to a 'clawback' clause and all or part can be recovered under certain circumstances, including where the bonus is found to be based on the use of fraudulent data.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are determined, the governance arrangements for determining remuneration and benefits are available on the website http://www.global.assetmanagement.hsbc.com/luxembourg. A paper copy is available free of charge upon request at the Management Company's registered office.

## Taxation

**The following is a summary of certain Irish, UK and other jurisdictions tax consequences of the purchase, ownership and disposal of Shares. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Shares (other than dealers in securities). The summary is based on tax legislation and the practice of the tax authorities in effect at the date of this Prospectus (and is subject to any prospective or retroactive change). The tax consequences of an investment in Shares in the Company will depend not only on the nature of the Company's operations and the then applicable tax principles, but also on certain factual determinations which cannot be made at this time. Potential investors in Shares should consult their own advisors as to the tax consequences of the purchase, ownership and disposal of Shares.**

### IRISH TAX INFORMATION

#### Taxation of the Company

The Company intends to conduct its affairs so that it is Irish tax resident. On the basis that the Company is Irish tax resident, the Company qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

Provided the Shares remain held in a recognised clearing system the Company will not be obliged to account for any Irish tax in respect of the Shares. However, if the Shares cease to be held in a recognised clearing system, the Company would be obliged to account for Irish tax to the Irish Revenue Commissioners in certain circumstances.

#### Taxation of Non-Irish Shareholders

Shareholders who are not resident (or ordinarily resident) in Ireland for Irish tax purposes will have no liability to Irish income tax or capital gains tax in respect of their Shares. However, if a Shareholder is a company which holds its Shares through an Irish branch or agency, the Shareholder may be liable to Irish corporation tax (on a self-assessment basis) in respect of the Shares. Explanations of the terms '*resident*' and '*ordinarily resident*' are set out at the end of this summary.

#### Taxation of Irish shareholders

Shareholders who are resident (or ordinarily resident) in Ireland for Irish tax purposes will be obliged to account (on a self-assessment basis) for any Irish tax due arising on distributions, redemptions and disposals (including deemed disposals where Shares are held for eight years) in respect of the Shares. For Shareholders who are individuals, the applicable Irish tax rate is currently 41%. For Shareholders who are companies (other than dealers in securities), the applicable Irish tax rate is currently 25%.

#### Stamp Duty

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Shares. If a Shareholder receives a distribution *in specie* of assets from the Company, a charge to Irish stamp duty could potentially arise.

#### Irish Gift and Inheritance Tax

Irish capital acquisitions tax (at a rate of 33%) could apply to gifts or inheritances of the Shares (irrespective of the residence of the donor or donee) because the Shares could be treated as Irish situate assets. However, any gift or inheritance of Shares will be exempt from Irish capital acquisitions tax once:

(a) the Shares are comprised in the gift/inheritance both at the date of the gift/inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);

(b) the person from whom the gift/inheritance is taken is neither resident nor ordinarily resident in Ireland at the date of the disposition; and

(c) the person taking the gift/inheritance is neither resident nor ordinarily resident in Ireland at the date of the gift/inheritance.

**Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the US Internal Revenue Code ("FATCA") impose a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA. The Company is a FFI and thus, subject to FATCA.

Beginning 1 July 2014, this withholding tax applies to payments to the Company that constitute interest, dividends and other types of income from US sources (such as dividends paid by a US corporation) and beginning on 1 January 2019, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to US source dividend or interest payments.

Ireland has entered into an Intergovernmental Agreement ("IGA") with the US to facilitate FATCA compliance and reporting. Under the terms of the IGA and the Irish legislation implementing the IGA into Irish law, the Company may be required to report to the Irish tax authorities certain information about US investors (including indirect investments held through certain passive investment entities) as well as non-US financial institutions that do not comply with FATCA. Such information will be onward reported by the Irish tax authorities to the US Internal Revenue Service.

The Company intends to comply with the terms of the IGA and relevant implementing legislation in Ireland. Therefore the Company expects to be treated as a compliant financial institution and does not expect any FATCA withholding to apply on payments made to it.

If a Shareholder or an intermediary through which it holds its interest in the Company fails to provide the Company, the Management Company, their agents or authorised representatives with any correct, complete and accurate information that may be required for the Company to comply with the requirements of the IGA, the Company may direct the Shareholder to dispose of their interest in the Company within a specified time limit and where this is not done within the specified time, may redeem the Shares.

Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, investors who hold their shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

**The Common Reporting Standard**

The Common Reporting Standard (CRS) is a new information-gathering and reporting requirement for financial institutions. It builds upon other legislation such as FATCA to allow for the automatic exchange of investors' financial information between participating countries. However, unlike FATCA, the CRS does not impose a withholding tax obligation.

The CRS has been developed by the 'Organisation for Economic Co-operation and Development' (OECD) to help protect the integrity of tax systems. As at 1 January 2016, 100 jurisdictions have committed to implementing the CRS. All EU Member States including Ireland but (with the exception of Austria) have committed to the early adoption of CRS from 1 January 2016. Austria will be adopting the CRS from 1 January 2017.

In Ireland the CRS has been enacted in law following a revised Directive on Administrative Co-operation (DAC2) which came into force in December 2014. It essentially imports the CRS into EU legislation. Legislation to implement the Directive in Ireland was introduced in Finance Act 2015 by inserting Section 891G of the Taxes Consolidation Act 1997. Regulations were approved by the Irish Parliament on the 18th December 2015.

CRS replaces the previous European information reporting regime in respect of savings income under Directive 2003/48/EC (commonly known as the EU Savings Directive regime), which was repealed in Ireland with effect from 1 January 2016.

Under these measures, the Company is expected to be required to report information to the Irish Revenue Commissioners relating to Shareholders, including the identity, residence and tax identification number of Shareholders and details as to the amount of income and sale or redemption proceeds received by Shareholders in respect of the Shares. This information may then be shared by the Irish Revenue Commissioners with tax authorities in other EU Member States and other jurisdictions which implement the CRS.

Shareholders should consult their own tax advisors regarding the DAC2/CRS requirements with respect to their own situation.

**Meaning of Terms**

*Meaning of 'Residence' for Companies*

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland and not resident in Ireland under a double taxation treaty between Ireland and another country.

A company that was incorporated in Ireland before 1 January 2015 will be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

*Meaning of 'Residence' for Individuals*

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or

2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

*Meaning of 'Ordinary Residence' for Individuals*

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident.

*Meaning of 'Intermediary'*

An '*intermediary*' means a person who:

1. carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or

2. holds units in such an investment undertaking on behalf of other persons.

## UNITED KINGDOM

### THE COMPANY

It is the intention of the Board of Directors to conduct the affairs of the Company so that it does not become resident in the United Kingdom. On the basis that the Company is not resident in the United Kingdom for tax purposes it should not be subject to United Kingdom corporation tax on its income and capital gains.

### SHAREHOLDERS

Holders of shares who are resident in the United Kingdom or carrying on a trade in the United Kingdom will, depending on their individual circumstances, be liable to United Kingdom Income Tax or Corporation Tax in respect of any dividends or other income distributions of the Company (including Redemption Dividends and any dividends funded out of realised capital profits of the Company). There is no withholding by the Company for Irish tax on dividends payable to United Kingdom investors on the basis that it is the current intention that all shares will be held in "recognised clearing system" (see previous section headed "IRELAND" for further details). Shareholders should note that dividends paid by the Company comprise foreign dividends for UK tax purposes.

The Offshore Funds (Tax) Regulations 2009 (as amended) contain provisions that may affect United Kingdom tax resident investors in offshore funds which are not certified by the United Kingdom HM Revenue & Customs as distributing offshore funds or not approved as UK reporting funds during the United Kingdom investor's entire period of ownership. The broad effect of which is that any United Kingdom resident investor who realises a gain on the disposal of his investment in an offshore fund will normally be charged to United Kingdom Income Tax (or Corporation Tax) on the gain made rather than to United Kingdom Capital Gains Tax (Corporation Tax on chargeable gains in the case of corporate investors). The Company has and intends to continue to apply for UK reporting fund status for certain share classes for its accounting period beginning 1 January 2010 and forward. In doing so the Company will meet the reporting requirements by making available to shareholders the information required by The Offshore Funds (Tax) Regulations 2009.

Details of which Share Classes have UK reporting fund status can be found on the United Kingdom HM Revenue & Customs' website at https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds.

Shareholders in reporting status funds may be taxed on the reportable income arising in an accounting period whether or not that income is distributed to them. The amount taxable per share will be the total reportable income for the period (adjusted by any qualifying equalisation) divided by the number of relevant shares in issue at the end of that period.

The Company will make available to shareholders the reportable income information that they will require for their UK tax returns at www.etf.hsbc.com by 30 June each year. If investors do not have access to the internet they can apply in writing for a copy of this information to HSBC ETFs PLC, 3 Dublin Landings, North Wall Quay, IFSC, Dublin 1, Ireland.

### Genuine Diversity of Ownership

The intended category of investor in the Company are Eligible Investors (as defined in the "**Schedule II: Definitions**") located in the countries and territories where the shares of the Company are registered for distribution.

The Shares in the Company will be made widely available to Eligible Investors by being available to purchase through the subscription procedure as set out in this Prospectus, or through stockbrokers or share dealing services as a consequence of the listing of its shares on one or more Listing Stock Exchange(s). The Global Distributor and/or local Distributors (as appointed from time to time) will actively promote investment in the Shares of the Company to a wide variety of Eligible Investors and make the Company's Prospectus available to them. In addition, the Prospectus and application form can be obtained directly from the registered office of the Company and the Management Company. As a consequence the Company considers it allows any Eligible Investor the opportunity to obtain

information about the Company and to purchase its Shares.

The Company intends, through the Global Distributor and/or local Distributors (as appointed from time to time) for its Shares to be promoted and made available in a manner designed to attract Eligible Investors.

**UK Resident Corporate Shareholders**

Shareholders should note that any corporate shareholder that is resident in the United Kingdom or one which carries on a trade in the United Kingdom will be subject to tax under the loan relationship provisions of United Kingdom tax legislation during any accounting period of that shareholder when more than 60% of the investments of the Company comprise of (broadly) interest bearing investments (including interests in collective investment schemes which themselves have more than 60% of their investments as interest bearing assets or financial derivative instruments whose subject matter is broadly linked to interest bearing investments). Under these provisions the change in value of the shares in the Company during the corporate's accounting period will be taxed as part of the corporate's income for that accounting period, the change in value being assessed on the basis of fair value accounting.

**UK Resident Individual Shareholders**

Shareholders should note that dividends paid by the Company comprise foreign dividends for UK income tax purposes and that those dividends will carry a tax credit equivalent to one ninth of the gross dividend payment by the Company, unless the dividends are taxed as interest for UK tax purposes as described below.

Generally, where at any time in the accounting period in which the dividend is paid (or the prior accounting period or twelve months prior to the start of the accounting period in which the dividend is paid if longer) more than 60% of the investments of the Fund (in which the Shares are held) broadly comprise of interest bearing investments (including cash, bonds and other securities together with interests in collective investment schemes which themselves have more than 60% of their investments as interest bearing assets and financial derivative instruments whose subject matter is broadly linked to interest bearing investments, currency, creditworthiness or currency) then the dividend will be treated as a payment of interest to the shareholder for UK income tax purposes and will carry no tax credit.

Shareholders resident or ordinary resident in the United Kingdom should note the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007. These provisions are directed at the prevention of avoidance of income tax through transactions resulting in the transfer of assets or incomes to persons (including companies) abroad and may render them liable to income received by those persons on their behalf. The legislation is not directed towards the taxation of capital gains.

Shares in the Company will be classified as foreign assets for the purposes of United Kingdom inheritance tax.

**UK Resident Individuals who are not domiciled in the UK and who claim the remittance basis of taxation**

Dividends paid by the Company will constitute 'relevant foreign income' for United Kingdom income tax purposes, however, whether the dividends will be taxed as dividends and potentially carry a tax credit will be determined in the same way as for UK resident individual shareholders outlined above.

Subject to their personal circumstances, shareholders who are individuals resident or ordinary resident but not domiciled in the United Kingdom (and who claim the remittance basis) for taxation purposes will be liable to United Kingdom income tax in respect of dividends paid by the Company to the extent that those dividends are remitted or deemed to be remitted to the United Kingdom.

Shares in the Company will constitute 'foreign assets' for United Kingdom capital gains purposes.

**Stamp Duty Reserve Tax and Stamp Duty**

Transfer taxes may be payable by the Company in the United Kingdom and elsewhere in relation to the

acquisition and/or disposal of securities. In particular, stamp duty reserve tax at the rate of 0.5% (or, if the transfer does not take place in Dematerialised Form, stamp duty at an equivalent rate) will be payable by the Company in the United Kingdom on the acquisition of shares in companies incorporated in the United Kingdom or which maintain a share register in the United Kingdom. This liability will arise in the course of the Company's normal investment activity and on the acquisition of securities from subscribers on subscription for shares.

In the absence of an exemption applicable to a prospective Shareholder (such as that available to intermediaries under section 88A of the Finance Act 1986) stamp duty reserve tax (or stamp duty) at the same rate as above may arise on the transfer of securities to Shareholders on redemption.

Because the Company is not incorporated in the United Kingdom and the register of holders of shares will be kept outside the United Kingdom, no liability to stamp duty reserve tax will arise by reason of the transfer, subscription for or redemption of shares except as stated above. Liability to stamp duty will not arise provided that any instrument in writing transferring shares in the Company is executed and retained at all times outside the United Kingdom.

# OTHER JURISDICTIONS

**French Tax information - Taxation of French Shareholders**

**Article 150-0D of the Tax General Regulation**
In order for a Fund to claim eligibility under Article 150-0D of the Tax General Regulation, the total amount invested in equity or equity-equivalent securities must not be less than 75% at any point in time. The eligibility applies only to subscriptions prior to 1 January 2018.

Currently, eligibility under Article 150-0D applies to the following Funds:

| Funds |
|---|
| HSBC MSCI CHINA UCITS ETF |
| HSBC MSCI INDONESIA UCITS ETF |
| HSBC MSCI JAPAN UCITS ETF |
| HSBC MSCI PACIFIC ex JAPAN UCITS ETF |
| HSBC EURO STOXX 50 UCITS ETF |
| HSBC FTSE 100 UCITS ETF |
| HSBC MSCI EUROPE UCITS ETF |
| HSBC FTSE EPRA/NAREIT DEVELOPED UCITS ETF |
| HSBC MSCI AC FAR EAST EX JAPAN UCITS ETF |
| HSBC MSCI CANADA UCITS ETF |
| HSBC MSCI EMERGING MARKETS UCITS ETF |
| HSBC MSCI KOREA CAPPED UCITS ETF |
| HSBC MSCI RUSSIA CAPPED UCITS ETF |
| HSBC MSCI TAIWAN CAPPED UCITS ETF |
| HSBC MSCI USA QUALITYUCITS ETF |
| HSBC MSCI WORLD UCITS ETF |
| HSBC S&P 500 UCITS ETF |

The annual and semi-annual reports of the Company will provide a confirmation of the eligibility of those Funds under Article 150-0D as well as the date from which they became eligible.

**German Tax Information - Taxation of German Shareholders**
The information given in this section is a high level summary of certain aspects of the German Taxation System, based on the law and official guidance currently available and subject to change. The information is not intended be exhaustive and does not constitute legal or tax advice.

*New Investment Fund Tax Regime effective as from 8 November 2018*

The Management Company aims to manage the Funds listed below in accordance with the so-called partial exemption regime for equity funds under Sec. 20 para. 1 of the German Investment Tax Act (as

in effect since 8 November 2018).
Accordingly, the Funds listed below will seek to continuously invest at a minimum percentage of their net assets in equity assets as defined in sec. 2 para 8 German Investment Tax Act (2018).

| **% of Fund's Net Assets** | **Funds** |
|---|---|
| More than 50% | HSBC FTSE 100 UCITS ETF<br>HSBC MSCI AC FAR EAST EX JAPAN UCITS ETF<br>HSBC EURO STOXX 50 UCITS ETF<br>HSBC MSCI CANADA UCITS ETF<br>HSBC MSCI CHINA UCITS ETF<br>HSBC MSCI CHINA A UCITS ETF<br>HSBC MSCI EMERGING MARKETS UCITS ETF<br>HSBC MSCI EUROPE UCITS ETF<br>HSBC MSCI INDONESIA UCITS ETF<br>HSBC MSCI JAPAN UCITS ETF<br>HSBC MSCI KOREA CAPPED UCITS ETF<br>HSBC MSCI PACIFIC EX JAPAN UCITS ETF<br>HSBC MSCI RUSSIA CAPPED UCITS ETF<br>HSBC MSCI TAIWAN CAPPED UCITS ETF<br>HSBC MSCI USA QUALITY UCITS ETF<br>HSBC MSCI WORLD UCITS ETF<br>HSBC S&P 500 UCITS ETF<br>HSBC Japan Screened Equity UCITS ETF<br>HSBC UK Sustainable Equity UCITS ETF<br>HSBC Developed World Screened Equity UCITS ETF<br>HSBC Asia Pacific ex Japan Screened Equity UCITS ETF<br>HSBC Emerging Market Screened Equity UCITS ETF |

## Collection of Shareholder Information

Shareholder Information may be collected, generated or requested by the Company, the Investment Manager or another Service Provider from the Shareholder from time to time, and may be processed and stored by the Investment Manager (or by HSBC Group or third parties in the circumstances described below) in relation to or in connection with any Services, Compliance Obligations and/or Financial Crime Risk Management Activities.

A Shareholder's failure to supply Shareholder Information reasonably requested by the Investment Manager or a Service Provider, or to consent to the use of such Shareholder Information (which may include transferring and disclosing such information) in the circumstances set out in this Prospectus, or to take such other action as may be reasonably requested by the Investment Manager (in writing) in connection with any Tax Information, may result in the Investment Manager (or a Service Provider) being unable to provide or continue to provide directly or indirectly all or part of its Services to the Shareholder, and/or any of the following:

(a) taking whatever actions are necessary or appropriate for HSBC Group to comply with local or foreign disclosure and reporting obligations to the relevant Authorities;

(b) reaching appropriate conclusions as to the status of the Shareholder's account(s) (including that any account(s) fall(s) within the terms of any demand for information made by the appropriate Tax Authorities or is otherwise reportable to such Tax Authorities, irrespective of the actual status of any such account(s);

(c) directing the Shareholder to dispose of their interest in the Company within a specified time limit and where this is not done within the specified time, redeeming the Shares.

The Shareholder agrees to inform in a timely manner, or respond within the time specified in any request from the Investment Manager or a member of the HSBC Group, if there are any changes to Shareholder Information and/or Entity Status Information (as applicable) previously provided to the Investment Manager or a member of the HSBC Group.

**Provisions specific to Shareholders that are entities:**

It is for the Shareholder to notify and/or obtain any and all requisite consents from its employees, directors, officers, "substantial owners", "controlling persons" (as defined above), and the companies in the Shareholder's group (and such companies' employees), to the processing, storage, disclosure and transfer, of any such person's Personal Data and Tax Information by the Investment Manager or HSBC Group arising from or in connection with the 'Collection of Shareholder Information' section of the Prospectus. The Management Company, the Investment Manager or any other member of the HSBC Group shall not be liable to Shareholder or any third party in respect of any Losses suffered or incurred in this regard.

In respect of Tax Information, the Shareholder shall: (i) provide an entity level written waiver or consent and an owner reporting statement annually; and/or (ii) upon request by the Investment Manager, obtain a written waiver or consent from each entity's "substantial owners" or "controlling persons" (as defined above). Such consents shall be provided to the Investment Manager to allow it to maintain, disclose and report tax and account specific financial information to any local or foreign tax or fiscal authority.

**Financial crime risk management activities**

Notwithstanding and in addition to the above, the Investment Manager may take any other action which in its sole and absolute discretion it considers appropriate to comply with laws, regulations, sanctions regimes, international guidance, HSBC Group internal policies and procedures, and/or demands from any Authorities, relating to or in connection with or furtherance of any Financial Crime Risk Management Activity. Such action may include, without limitation, intercepting, investigating, delaying, blocking or refusing any payment or provision of all or part of the Services or an application for Services, or drawdown or utilisation of a credit facility; processing Shareholder Information (which includes but is not

limited to matching Shareholder Information with other data in possession of HSBC Group); and the disclosure of Shareholder information relating to the same.

Any Authorities may also take any action under relevant laws and regulations relating to financial crime which may result in any of the above actions.

The Management Company, the Investment Manager or any other member of HSBC Group shall not be liable to the Shareholder or any third party in respect of any Losses howsoever arising, suffered or incurred by the Shareholder or third party caused in whole or in part in connection with or arising in respect of any Financial Crime Risk Management Activities.

## Fees and Expenses

The Company has a fee structure where, in respect of each Share Class, fees and expenses are paid as one single fee. This is referred to as the "**Total Expense Ratio**" or "**TER**". The TER also includes any due proportion of expenses of the Company which may be allocated to the funds from time to time.

The TER is paid to the Management Company, and the Management Company is then responsible for the payment of the other operational expenses of the Company. These include, but are not limited to, fees and expenses of the Directors, the Management Company, Investment Manager, Distributors, Depositary, Administrator, Auditors, Secretary, and such other person as the Management Company may determine at its discretion, and the operating administrative and services expenses as referred to below.

The TER covers all of the fees and expenses, except taxes or duty charges for portfolio re-balancing and transaction charges related to portfolio re-balancing, all of which will be paid separately out of the assets of the relevant Share Class.

In addition, the Transfer Agent may recover from a Primary Market maker any operational expenses relating to Primary Market transactions that form part of the Duties and Charges, as set out in the relevant Fund Supplement.

Directors' fees will not exceed the sum of €50,000 per annum per Director without the approval of the Directors (with each Director abstaining on any resolution relating to that Director's remuneration).

The following list is indicative but not exhaustive of the types of services that the operating, administrative and services expenses cover:

(i) all establishment costs of the Company;
(ii) the cost of listing and maintaining a listing of Shares on any stock exchange;
(iii) registration fees;
(iv) financial index licencing fees;
(v) the cost of convening and holding Directors' and Shareholders' meetings;
(vi) professional fees and expenses for legal, auditing and other consulting services;
(vii) the costs and expenses of preparing, printing, publishing and distributing prospectuses, supplements, annual and semi-annual reports and other documents to current and prospective Shareholders;
(viii) the costs and expenses of any investment adviser appointed by the Investment Manager
(ix) for currency hedged Classes, fees to third parties to cover the execution of the share class currency hedging policy. An additional fee for this service will apply to currency hedged Classes as detailed in the relevant Fund's Supplement;
(x) such other costs and expenses (excluding non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the Company or of any Fund;

The TER is calculated and accrued daily from the Net Asset Value of each fund and payable monthly in arrears. The TER of each Share Class is as listed in the relevant Fund Supplement. If expenses exceed the TER outlined above in relation to operating the Funds, the Management Company will cover any shortfall from its own assets.

The TER is not expected to exceed the amounts disclosed in the relevant Fund Supplement. However, if an increase is required it will require prior approval by Shareholders of the relevant fund, which must be approved by a majority vote at a meeting of Shareholders or by written resolution of all Shareholders.

The Management Company may, in its sole discretion, enter into rebate arrangements with certain Shareholders which have the effect of reducing the management fee with respect to such Shareholders. The Management Company will ensure that any such rebate arrangements meet the requirements set out in UCITS Regulations. Further relevant information on rebate arrangements will be made available by the Management Company upon request. In addition, Shareholders should note that Distributors may enter into rebate arrangements with certain Shareholders independently of the Management Company in respect of their distribution fee.

The Company has not agreed to any commissions, discounts, brokerage or any other special arrangements in relation to the issue or sale of any capital of the Company except as specifically disclosed in this Prospectus.

Shareholders should note that, from time to time, there may be restrictions preventing HSBC Group dealing in certain securities. In such circumstances, and/or where foreign government policies prevent the Investment Manager from physically replicating the exposure of certain index constituents, financial derivative instruments may be used as an alternative. Transaction costs associated with the use of financial derivative instruments in such circumstances will be paid out of the assets of the relevant Share Class.

## CONFLICTS OF INTEREST

The Depositary, the Administrator, the Management Company and the Investment Manager may from time to time act as manager, registrar, transfer agent, administrator, trustee, depositary, investment manager, adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations under the Memorandum and Articles of Association of the Company and/or any agreements to which it is party or by which it is bound in relation to the Company and, in particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly and, in particular, the Management Company will procure that the Investment Manager agrees to act in a manner which the Investment Manager in good faith considers fair and equitable in allocating investment opportunities to the Company.

There is no prohibition on dealing in assets of the Company by the Depositary, the Management Company or Investment Manager, or by delegates or sub-delegates of such parties (excluding any non-group company sub-custodians appointed by the Depositary), and any associated or group company of such Depositary, Management Company, Investment Manager, delegate or sub-delegate, provided that such transactions are conducted at arms' length and are in the best interests of Shareholders. Permitted transactions between the Company (or the Management Company on behalf of the Company) and such parties are subject to (i) a certified valuation by a person approved by the Depositary (or a person approved by the Management Company in the case of a transaction involving the Depositary) as independent and competent; or (ii) execution on best terms on organised investment exchanges under their rules; or (iii) where (i) and (ii) are not practical, execution on terms the Depositary (or the Management Company in the case of a transaction involving the Depositary) is satisfied conform to the principles set out in this paragraph. The Depositary (or the Directors in the case of a transaction involving the Depositary or an affiliate of the Depositary) shall document how it has complied with (i), (ii), or (iii) above. Where transactions are conducted in accordance with (iii), the Depositary (or the Management Company in the case of a transaction involving the Depositary or an affiliate of the Depositary) shall document its rationale for being satisfied that the transaction conformed to the principles outlined in this paragraph. The Depositary may hold funds for the Company subject to the provisions of the Central Bank Acts 1942 to 1998 as amended by the Central Bank and Financial Services Authority of Ireland Act, 2003.

There is no prohibition on the Management Company, the Depositary, the Administrator, the Investment Manager or any other party related to the Company acting as a "competent professional person" for the purposes of determining the probable realisation value of an asset of a Fund in accordance with the valuation provisions outlined in the "**Determination of Net Asset Value**" section above. Investors should note however, that in circumstances where fees payable by the Company to such parties are calculated based on the Net Asset Value, a conflict of interest may arise as such fees will increase if the Net Asset Value increases. Any such party will endeavour to ensure that such conflicts are resolved fairly and in the best interests of the Shareholders.

A Director may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the Directors prior to the conclusion of any such transaction or arrangement the nature and extent of any material interest of his therein. Unless the Directors determine otherwise, a Director may vote in respect of any contract or arrangement or any proposal whatsoever in which he has a material interest, having first disclosed such interest. At the date of this Prospectus other than as disclosed under the "**Directors and Secretary**" section of this Prospectus, no Director or connected person of any Director has any interest, beneficial or non-beneficial, in the share capital of the Company or any material interest in the Company or in any agreement or arrangement with the Company except that one or more of the Directors may hold Subscriber Shares. The Directors shall endeavour to ensure that any conflict of interest is resolved fairly.

In selecting brokers, who may in some cases be an affiliate of the Investment Manager, to make purchases



INTERNAL

and sales for the Company, the Management Company will require the Investment Manager to choose those brokers who provide best execution to the Company. In determining what constitutes best execution, the Investment Manager will be required to consider the over-all economic result of the Company, (price of commission plus other costs), the efficiency of the transaction, the broker's ability to effect the transaction if a large block is involved, availability of the broker for difficult transactions in the future and the financial strength and stability of the broker.

On occasion, an entity in the HSBC Group may provide a Fund with seed capital (i.e. an initial investment in a Fund to support the operations of a Fund in its early existence prior to material external investment).

As the size of a Fund increases, the relevant HSBC Group entity may withdraw all or some of its seed capital in accordance with a seed policy (the purpose of which is to manage the timing of any withdrawal in the best interests of the remaining Shareholders). Any such withdrawal of seed capital shall be effected in accordance with the provision of this Prospectus in the section titled "Primary Market – Subscriptions, Conversions and Redemptions"..

While the seed capital is in a Fund, the seeding entity of HSBC may choose to hedge its seed capital position in a Fund to ensure the seed capital remains at a consistent level. In order to hedge the seed capital position efficiently, the seeding entity may have access to underlying portfolio data.

In addition, the Company may provide portfolio holding information to affiliates of the HSBC Group for certain purposes, including but not limited to, risk management and regulatory reporting.

**MEETINGS**

At least one general meeting of the Company shall be held in each year as the Company's annual general meeting. At least twenty one (21) days' notice (inclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) shall be given to Shareholders. The notice shall specify the place, day and hour of the meeting and the terms of the resolutions to be proposed. A proxy may attend on behalf of any Shareholder. The voting rights attached to the Shares are set out under the heading "**Voting Rights**" in this Prospectus.

**REPORTS AND ACCOUNTS**

The Company's accounting period ends on 31 December in each year.

The Directors shall cause to be prepared an annual report and audited annual accounts for the Company for the period ending 31 December in each year. The annual report and audited annual accounts will be forwarded to Shareholders within four months of the end of the relevant accounting period end and at least twenty one (21) days before the annual general meeting. In addition, the Directors shall cause to be prepared a half-yearly report which shall include unaudited half-yearly accounts for the Company. The semi-annual accounts will be prepared to 30 June in each year. Half-yearly accounts for the Company will be forwarded to Shareholders in the Company within two months of the end of the relevant accounting period. The annual report and the half-yearly report will be sent to Shareholders by electronic mail or other electronic means of communication, although Shareholders and prospective investors may also, on request, receive reports by hard copy mail.

**INCORPORATION OF THE COMPANY**

The Directors confirm that the Company was incorporated in Ireland on 27 February 2009.

**WINDING UP**

The Articles contain provisions to the following effect:

(a) If the Company shall be wound up the liquidator shall apply the assets of the Company in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall, in relation to the assets available for distribution among the Shareholders, make in the books of the Company such transfers thereof as may be necessary in order that the effective burden of such creditors' claims may be shared between the holder of Shares of different classes in such proportions as the liquidator in his absolute discretion may think equitable.

(b) The assets available for distribution among the Shareholders shall then be applied in the following priority:

(i) First, in the payment to the holders of the Shares of each series of a sum in the currency in which that series is designated (or in any other currency selected by the liquidator) as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such series held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the Company to enable such payment to be made. In the event that, as regards any series of Shares, there are insufficient assets available in the Company to enable such payment to be made recourse shall be to the payment to the holders of each series of Shares of any balance then remaining in the Company, such payment being made in proportion to the number of Shares of that series held.

(ii) Secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised remaining after any recourse thereto under sub-paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets of the Company.

(iii) Thirdly, in the payment to the holders of each series of Shares of any balance then remaining in the Company, such payment being made in proportion to the number of Shares of that series held.

(c) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Shareholders in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. Shareholders may request that assets which are to be distributed to them in specie will be first liquidated to cash. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled to accept any assets in respect of which there is liability.

**MATERIAL CONTRACTS**

The following contracts, which are summarised in the "**Management and Administration**" and "**Fees and Expenses**" sections in this Prospectus, have been entered into and are, or may be, material:

(b) Management Agreement dated 1 April 2019, between the Company and the Management Company pursuant to which the Management Company has been appointed as the management company and the global distributor of the Company, the details of which are summarised in the "**Management and Administration**" section in this Prospectus;

(c) Investment Management Agreement dated 1 April 2019, between the Management Company and the Investment Manager pursuant to which the Investment Manager has been appointed as investment manager in respect of the Company, the details of which are summarised in the "**Management and Administration**" section in this Prospectus;

(d) Administration Agreement dated 23 March 2020, between the Company, the Management Company and the Administrator pursuant to which the Administrator has been appointed to

provide administration and accounting services to the Management Company in respect of the Company, the details of which are summarised in the "**Management and Administration**" section in this Prospectus; and

(e) Depositary Agreement dated 1 April 2019, between the Company, the Management Company and the Depositary, pursuant to which the Depositary has been appointed as depositary of the Company's assets, the details of which are summarised in the "**Management and Administration**" section in this Prospectus.

**MEMORANDUM AND ARTICLES OF ASSOCIATION**

The principal provisions of the Memorandum and Articles of Association of the Company have been summarised in this Prospectus in the sections headed "**HSBC ETFs PLC**" and "**SUBSCRIPTIONS, VALUATIONS AND REDEMPTIONS**".

**DOCUMENTSFOR INSPECTIOS**

Copies of the following documents may be inspected at the registered office of the Company at 3 Dublin Landings, North Wall Quay, IFSC, Dublin 1, Ireland during normal business hours on any Dealing Day:

(a) the Memorandum and Articles of Association of the Company; and

(b) the UCITS Regulations and the Central Bank UCITS Regulations issued pursuant thereto.

In addition, the Memorandum and Articles of Association of the Company and any yearly or half-yearly reports may be obtained from the Administrator free of charge or may be inspected at the registered office of the Company during normal business hours on any Dealing Day.

The most recent audited financial statements for the Company will be available when published at the registered office of the Company during normal business hours on any Dealing Day.

In addition, the PRIIPs KID/UCITS KIID, as applicable, are available on http://www.etf.hsbc.com. Before subscribing to any Class and to the extent required by local laws and regulations each investor shall consult the PRIIPs KID or UCITS KIID, as applicable. The EEA KIIDs provide information in particular on historical performance, the synthetic risk and reward indicator and charges. Investors may download the PRIIPs KID/UCITS KIID, as applicable, from the above website or obtain it in paper form or on any other durable medium agreed between the Directors or the intermediary and the investor.

Additional information is made available by the Management Company, at its registered office, upon request, in accordance with the provisions of Luxembourg laws and regulations. This additional information includes the procedures relating to complaints handling, the strategy followed for the exercise of voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company.

**UNITED KINGDOM REPRESENTATIVE**

HSBC Global Asset Management (UK) Limited acts as the Representative of the Company in the United Kingdom. The UK Representative is required to maintain certain facilities in the United Kingdom on behalf of the Company, as provided by Chapter 9 of the COLL Sourcebook of the Financial Conduct Authority Handbook, whereby certain documents and information may be made available in English. The following documents may be obtained or inspected, free of charge from the offices of the UK Representative: Copies of the Memorandum and Articles of Association of the Company and any amending resolutions, the latest Prospectus, relevant Fund Supplements and the latest annual and half-yearly reports. The UK Representative also provides information about the price of Shares. Requests for purchases, redemptions and conversions of Shares by UK residents may be made through the UK Representative who will send to the Company forthwith such requests and any complaints in connection with matters arising from dealings in the Company's Shares. HSBC Global Asset Management (UK) Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority.

**DATA PROTECTION NOTICE**

Prospective investors should note that by completing the application form they are providing personal information, which may constitute "personal data" within the meaning of the Data Protection Legislation.

Investors' personal data will be used by the Company for the following purposes:

- to manage and administer an investor's holding in the Company and any related accounts on an ongoing basis;
- to carry out statistical analysis and market research as the Company's legitimate business interest; and
  to comply with legal and regulatory obligations applicable to the investor and the Company from time to time including applicable anti-money laundering and counter terrorist financing legislation. In particular, in order to comply with the CRS (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the TCA 1997 and regulations made pursuant to those sections) and FATCA, Shareholders' personal data (including financial information) may be shared with the Irish Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including the US Internal Revenue Service and foreign tax authorities located outside the EEA). Please consult the AEOI (Automatic Exchange of Information) webpage on www.revenue.ie for further information in this regard.

Investors' personal data may be disclosed by the Company to its delegates, professional advisors, service providers, regulatory bodies, auditors, technology providers and any duly authorised agents or related, associated or affiliated companies of the foregoing for the same purpose(s).

Investors' personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company is required to ensure that such processing of investors' personal data is in compliance with Data Protection Legislation and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission), if appropriate. More information on the means of transfer of investors' data and a copy of the relevant safeguards, can be found at http://www.global.assetmanagement.hsbc.com/privacy-notices.

Pursuant to the Data Protection Legislation, investors have a number of rights which may be exercised in respect of their personal data, i.e.:

- the right of access to personal data held by the Company;
- the right to amend and rectify any inaccuracies in personal data held by the Company;
- the right to erase personal data held by the Company;
- the right to data portability of personal data held by the Company;
- the right to request restriction of the processing of personal data held by the Company;
- the right to object to processing of personal data by the Company. In certain circumstances it may not be feasible for the Company to discharge these rights, for example, because of the structure of the Company or the manner in which the shareholder holds shares in a Fund; and
- the right to object to automated decision-making, including profiling.

These rights will be exercisable subject to limitations as provided for in the Data Protection Legislation. Details of how investors may make a request to the Company to exercise these rights can be found at http://www.global.assetmanagement.hsbc.com/privacy-notices.

Please note that personal data may be retained by the Company for the duration of an investor's investment and afterwards in accordance with the Company's legal and regulatory obligations.

The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Legislation. For queries, requests or comments in respect of this notice or the way in which the Company uses investors' personal data please contact ifsinvestorqueries@hsbc.com or visit http://www.global.assetmanagement.hsbc.com/privacy-notices. Note that investors have the right to lodge a complaint with the Office of the Data Protection Commissioner.

**PROTECTED DISCLOSURES**

The Protected Disclosures Act 2014 (the "**2014 Act**"), as amended in accordance with EU Directive 2019/1937, gives legal protection to "Workers" who make disclosures. Shareholders are included within the scope of the definition of "Worker" under the 2014 Act. In the event that a Shareholder wishes to report a relevant wrongdoing under the 2014 Act or wishes to be provided with further information on the procedure for doing so, a Shareholder can write to the chairperson of the Board of Directors of the Company at the Company's registered address. The Company encourages reports of wrongdoing to be made internally in the first instance. However, internal reporting does not preclude the making of an external report. Depending on the nature of the wrongdoing, a Shareholder may, subject to complying with the requirements of the 2014 Act, make a report externally to a prescribed person under the 2014 Act or to the Protected Disclosures Commissioner who will identify a suitable prescribed person. Prescribed persons have regulatory functions in the area which are the subject of the alleged wrongdoings. A full list of protected disclosure prescribed persons can be found on the gov.ie website.

## SCHEDULE I
## RECOGNISED MARKETS

The exchanges/markets are set out below in accordance with the regulatory criteria as defined in the Central Bank UCITS Regulations. The Central Bank does not issue a list of approved markets.

With the exception of permitted investment in unlisted securities, investment in securities will be limited to the following stock exchanges and regulated markets:

(i) Any stock exchange or market in any EU Member State or in any of the following member countries of the OECD: Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, the United Kingdom and the United States of America.

(ii) Any of the following exchanges or markets:

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| Argentina | Buenos Aires Stock Exchange, Cordoba Stock Exchange, La Plata Stock Exchange, Mendoza Stock Exchange, Mercado Abierto Electronico, Rosario Stock Exchange, Mercado a Termino de Buenos Aires S.A. (MATba) |
| Bahrain | Manama Stock Exchange |
| Bangladesh | Dhaka Stock Exchange, Chittagong Stock Exchange |
| Bermuda | Bermuda Stock Exchange |
| Botswana | Botswana Stock Exchange |
| Brazil | Bolsa de Valores, Mercadorias & Futuros de São Paulo |
| Chile | Santiago Stock Exchange, Valparaiso Stock Exchange, La Bolsa Electronica de Chile |
| China | Shanghai Stock Exchange, Shenzhen Stock Exchange |
| Colombia | Bolsa de Valores de Colombia (BVC) |
| Croatia | Zagreb Stock Exchange |
| Egypt | Egyptian Stock Exchange |
| Ghana | Ghana Stock Exchange |
| Hong Kong | Stock Exchange of Hong Kong |
| India | The National Stock Exchange of India Limited, Madras Stock Exchange, Delhi Stock Exchange, Ahmedabad Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange, Gauhari Stock Exchange, Magadh Stock Exchange, The Bombay Stock Exchange, Pune Stock Exchange, Hyderabad Stock Exchange, Ludhiana Stock Exchange, Uttar Pradesh Stock Exchange, Calcutta Stock Exchange |
| Indonesia | Indonesia Stock Exchange |
| Israel | Tel Aviv Stock Exchange |

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| Jordan | Amman Stock Exchange |
| Kazakhstan | Central Asian Stock Exchange, Kazakhstan Stock Exchange |
| Kenya | Nairobi Stock Exchange |
| Kuwait | Kuwait Stock Exchange |
| Lebanon | Beirut Stock Exchange |
| Malaysia | The Bursa Malaysia Berhad, |
| Mauritius | Stock Exchange of Mauritius |
| Mexico | Mexico Stock Exchange |
| Morocco | Casablanca Stock Exchange |
| Nigeria | Nigeria Stock Exchange |
| Oman | Oman Stock Exchange |
| Pakistan | Karachi Stock Exchange (Guarantee) Ltd,<br>Lahore Stock Exchange, Islamabad Stock Exchange |
| Palestine | Nablus Stock Exchange |
| Peru | Lima Stock Exchange |
| Philippines | Philippines Stock Exchange Inc. |
| Qatar | Doha Securities Market |
| Russia | RTS Stock Exchange, Moscow Interbank Currency Exchange |
| Saudi Arabia | Saudi Stock Exchange (Tadawul) |
| Serbia | Belgrade Stock Exchange |
| Singapore | Singapore Exchange Limited |
| South Africa | Johannesburg Stock Exchange |
| South Korea | Korea Stock Exchange |
| Sri Lanka | Colombo Stock Exchange |
| Taiwan | Taiwan Stock Exchange Corporation, Gretai Securities Market |
| Thailand | Stock Exchange of Thailand, Bangkok |
| Tunisia | Bourse de Valeurs Mobiliers de Tunis |
| Turkey | Istanbul Stock Exchange |
| Uganda | Uganda Securities Exchange |
| United Arab Emirates | Abu Dhabi Stock Exchange,<br>Dubai Financial Market,<br>Dubai International Financial Exchange |

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| Vietnam | Ho Chi Minh Securities Trading Center, Hanoi Securities Trading Center |
| Zambia | Lusaka Stock Exchange |
| Zimbabwe | Zimbabwe Stock Exchange |

(iii) The following markets:

– the market organised by the International Capital Markets Association;

– the UK market (i) conducted by banks and other institutions regulated by the Financial Conduct Authority (FCA) and subject to the Inter-Professional Conduct provisions of the FSA's Market Conduct Sourcebook and (ii) in non-investment products which are subject to the guidance contained in the "Non-Investment Product Code" drawn up by the participants in the London market, including the FSA and the Bank of England (formerly known as "The Grey Paper");

– (a) NASDAQ in the United States, (b) the market in the US government securities conducted by the primary dealers regulated by the Federal Reserve Bank of New York; (c) the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and the National Association of Securities Dealers and by banking institutions regulated by the US Controller of Currency, the Federal Reserve System or Federal Deposit Insurance Corporation;

– (a) NASDAQ Japan, (b) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan, and (c) Market of the High-Growth and Emerging Stocks ("**MOTHERS**")

– the alternative investment markets in the United Kingdom regulated and operated by the London Stock Exchange;

– the Hong Kong Growth Enterprise Market ("**GEM**");

– TAISDAQ

– the Stock Exchange of Singapore Dealing and Automated Quotation ("**SESDAQ**")

– the Taiwan Innovative Growing Entrepreneurs Exchange ("**TIGER**")

– the Korean Securities Dealers Automated Quotation ("**KOSDAQ**")

– the French Market for Titres de Créances Négotiables (over the counter market in negotiable debt instruments)

– the over the counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada

– EASDAQ (European Association of Securities Dealers Automated Quotation)

**Financial Derivative Instruments**

NASDAQ, the Chicago Mercantile Exchange American Stock Exchange, Chicago Board of Trade, Chicago Board of Options Exchange, Coffee, Sugar and Cocoa Exchange, Iowa Electronic Markets, Kansas City Board of Trade, Mid-American Commodity Exchange, Minneapolis Grain Exchange, New York Cotton Exchange, Twin Cities Board of Trade, New York Futures Exchange, New York Board of Trade, New York Mercantile Exchange, Hong Kong Futures Exchange, Singapore International Monetary Exchange, Singapore Commodity Exchange, Tokyo International Futures Exchange, New Zealand Futures and Options Exchange and any exchange or market, including any board of trade or similar entity, or automated quotation system, which exchanges and markets are regulated, operating regularly, recognised and open to the public in a Member State, the UK or a member state of the EEA.

With the exception of permitted investments in unlisted securities, and off-exchange derivative instruments, investment in securities or financial derivative instruments will be made only in securities or financial derivative instruments listed or traded on a Recognised Market which meets the regulatory criteria (regulated, operating regularly, recognised and open to the public) and which is listed in the Prospectus. The Recognised Markets in the Prospectus will be drawn from the foregoing list. These exchanges and markets are listed in accordance with the requirements of the Central Bank and the Central Bank does not issue a list of approved markets.

## SCHEDULE II DEFINITIONS

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| **Act** | the Companies Act 2014, as may be amended; |
| **1940 Act** | the US Investment Company Act of 1940, as amended; |
| **1933 Act** | the US Securities Act of 1933, as amended; |
| **Accumulating Shares** | a Class of Shares in a Fund in respect of which net income and realised and unrealised capital gains net of realised and unrealised losses arising will be retained within the Fund and reflected in the Net Asset Value of such Class of Shares; |
| **Administrator** | HSBC Securities Services (Ireland) DAC, or such other company as may from time to time be appointed to provide administration, accounting, registrar and transfer agency services in respect of the Authorised Participants and related support services to the Company in accordance with the requirements of the Central Bank; |
| **Appendix A** | the appendix entitled the "Master Schedule of Funds" which is issued with the Prospectus and the relevant Fund Supplement for each Fund and which lists the current Funds of the Company and which contains information regarding the primary stock exchanges on which the Shares of each Fund are listed or in respect of which it is proposed that an application will be made for listing; |
| **Appendix B** | the appendix entitled the "Master Schedule of Paying Agent Appointments" which is issued with the Prospectus and the relevant Fund Supplement for each Fund and which lists the current Paying Agents which have been appointed by the Management Company on behalf of the Company and which discloses the name, address and jurisdiction of each such Paying Agent so appointed; |
| **Appendix C** | the appendix entitled the "Master Schedule of Sub-Custodian Appointments" which is issued with the Prospectus and the relevant Fund Supplement for each Fund and which lists the current sub-custodians which have been appointed by the Depositary; |
| **Articles** | the Articles of Association of the Company for the time being in force and as may be modified from time to time; |
| **AUD** | Australian Dollar; |
| **Authorised Participant** | HSBC Bank plc and any other entity or person which is authorised by the Company for the purposes of subscribing for and redeeming Creation and Redemption Units; |
| **Authorities** | judicial, regulatory, public or government agency authorities, Tax Authorities, securities or futures exchange, or law enforcement bodies having jurisdiction over any part of HSBC Group, or any agents thereof; |
| **Base Currency** | the currency in which the Net Asset Value of each Fund is calculated; |

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| **Benchmarks Regulation or BMR** | means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014; |
| **Business Day** | as specified in the relevant Fund Supplement; |
| **CAAPs** | China A Shares Access Products, being transferable securities generally listed on Recognised Markets, or occasionally unlisted, and issued by a third party CAAP issuer in respect of China A Shares which themselves are listed or traded on the Shanghai Securities Exchange or the Shenzhen Stock Exchange and which represent an obligation of the CAAP issuer to pay to a Fund an economic return equivalent to holding the underlying China A Shares; |
| **CAD** | Canadian Dollar; |
| **Capitalisation Shares** | the 300,000 shares of no par value designated as Capitalisation Shares; |
| **Capitalisation Shareholder** | a person registered in the register of members of the Company as a holder of Capitalisation Shares; |
| **Cash Portion** | the amount of cash required to equalise any differences between the value of the securities set out in the Portfolio Composition File and the value of each Creation and Redemption Unit (being the Net Asset Value per Share multiplied by the number of Shares in a Creation and Redemption Unit). Ordinarily the Cash Portion will be the same for subscriptions and redemptions; however it may be different in cases in which the Portfolio Composition File is different for subscriptions and redemptions on a given day for one or more Funds; |
| **Central Bank** | the Central Bank of Ireland; |
| **Central Bank UCITS Regulation** | the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as may be amended from time to time; |
| **CHF** | Swiss Franc; |
| **China A Shares** | shares in PRC incorporated companies listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, the prices of which are quoted in RMB and which are available to PRC investors and foreign strategic investors approved by the China Securities Regulatory Commission; |
| **Class** | Shares of a particular Fund representing an interest in the Fund but designated as a class of Shares within such Fund for the purposes of attributing different proportions of the Net Asset Value of the relevant Fund to such Shares to |

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| | accommodate different subscription, conversion and redemption charges, Dividend arrangements, Base Currencies and/or fee arrangements specific to such Shares; |
| **CNY** | Chinese Yuan; |
| **Company** | HSBC ETFs plc; |
| **Secretary** | Goodbody Secretarial Limited and/or such other company as may from time to time be appointed to provide company secretarial services to the Company in accordance with the requirements of the Central Bank; |
| **Compliance Obligations** | means compliance by any member of HSBC Group with any reporting, disclosure or other obligations under any applicable local or foreign laws, regulations or voluntary codes, directives, court orders, agreements with or demands from the appropriate Authorities; |
| **Confidential Information** | means non-public banking information; |
| **Conversion Transaction Fee** | the fee payable to the Administrator as agent for the Company where, as part of a Conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different Fund. The fee payable is deducted from the redemption proceeds at the rate specified in the "**General**" section of the relevant Fund Supplement of the subscribed for Fund; |
| **Courts Service** | The Courts Service is responsible for the administration of moneys under the control or subject to the order of the Courts; |
| **Creation and Redemption Unit** | for each Fund, the predetermined number of Shares specified on the Website or on request from the Investment Manager, provided that the Directors may vary such number of Shares so specified from time to time; |
| **Creation and Redemption Unit Size** | the Creation and Redemption Unit Size will be available upon request from the Investment Manager and will also be available on the Website. The Directors reserve the right to change the size of one Creation and Redemption Unit in the future if they determine that such a change would materially enhance the attractiveness of a Fund to investors. Any such change will be notified in advance to the Authorised Participant(s). |
| **CSSF** | the Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority; |
| **Data Protection Legislation** | the Irish Data Protection Acts 1988 and 2003, the EU Data Protection Directive 95/46/EC, the EU ePrivacy Directive 2002/58/EC (as amended) and any relevant transposition of, or successor or replacement to, those laws (including, when they come into force, the General Data Protection Regulation (Regulation (EU) 2016/679) and the successor to the ePrivacy Directive); |
| **Dealing Day** | unless specified otherwise in the relevant Fund |

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| | Supplement for any Fund, every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least one (1) Dealing Day per fortnight; |
| **Dealing Deadline** | the time on each Dealing Day by which applications for subscriptions and redemptions must be received by the Administrator in order to be processed on that Dealing Day, as specified for each Fund in the relevant Fund Supplement; |
| **Declaration** | a valid declaration in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D TCA 1997 (as may be amended from time to time); |
| **Dematerialised Form** | Shares title to which is recorded as being in uncertificated form and which may be transferred by means of a computer based settlement system in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (of Ireland); |
| **Depositary** | HSBC Continental Europe or such other company as may from time to time be appointed to provide depositary services to the Company in accordance with the requirements of the Central Bank; |
| **Direct Dealing (Cash Transaction) Fee** | the fee payable to the Administrator as agent for the Company to offset the costs and expenses incurred by the Administrator in dealing in cash where Shares are subscribed or redeemed for cash, as specified in the relevant Fund Supplement; |
| **Directors** | the directors of the Company for the time being and any duly constituted committee thereof; |
| **Distributing Shares** | a Class of Shares in a Fund in respect of which Directors ordinarily intend to declare and pay dividends in respect of each financial year in which the total income of the Fund exceeds the fees and expenses by more than a de minimis amount determined by the Directors from time to time; |
| **Distributor** | affiliate companies of the HSBC Group appointed by the Management Company (acting as Global Distributor), in accordance with the terms of the distribution agreements entered into with the Distributors and the requirements of the Central Bank, to carry out distribution services in their local jurisdiction; |
| **DKK** | Danish Kroner; |
| **Duties and Charges** | all stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), depositary and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees and other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash or other assets of the Company or the creation, acquisition, issue, conversion, |

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| | exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Economic or Trade Sanctions** | financial restrictions such as asset freezing measures, prohibitions on providing economic resources or financial assistance, or similar restrictions placed by governmental authorities or intergovernmental or regional bodies, international bodies (such as the United Nations Security Council) or regional multilateral bodies (such as the EU) on trade or financial dealings with specified territories, governments, entities and individuals; |
| **EEA** | European Economic Area; |
| **Eligible Collective Investment Schemes** | schemes established in Member States which are authorised as UCITS and which may be listed on a regulated market in the EU and/ or any of the following open-ended collective investment schemes:<br>(a) schemes established in Guernsey and authorised as Class A schemes;<br>(b) schemes established in Jersey as recognised funds;<br>(c) schemes established in the Isle of Man as authorised schemes;<br>(d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects, with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations;<br>(e) alternative investment funds authorised in a member state of the EEA, the UK, the US, Jersey, Guernsey or the Isle of Man and which comply, in all material respects, with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations; and<br>(f) such other schemes as may be permitted by the Central Bank and set out in this Prospectus. |
| **Eligible Investor** | any person, corporation or entity other than a US Person and/or that does not meet the "**Distribution and Selling Restrictions**" as provided for in this Prospectus. An application form and supporting anti-money laundering documentation must be completed by each new investor and received by the Company in accordance with the details set out in the subscription application form. The Company retains the right to refuse any application in |

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| | whole or in part; |
| **Entity Status information** | any information relating to a business, non-profit or other entity, including but not limited to, its "substantial owners" or "controlling persons" (as appropriate) (as defined under local or foreign laws, regulatory guidance or intergovernmental agreements or intergovernmental cooperation agreements), its place of organisation, tax residence status, forms W9, W8-BEN-E as appropriate, a "self-certification" form (as defined under local law or foreign laws, regulatory guidance, or intergovernmental agreement or intergovernmental cooperation agreements), or other documentation as may be required to establish the entity's status; |
| **ESG** | means Environmental Social and Governance factors which can be considered non-financial performance indicators which include ethical, sustainable and corporate government issues; |
| **ESMA** | means the European Securities and Markets Authority, or such replacement or successor authority as may be appointed from time to time; |
| **€ or Euro or EUR** | the single currency of participating member states of the European Monetary Union introduced on 1 January 1999; |
| **EU** | European Union; |
| **Exempt Investor** | any of the following Irish Residents:<br>(i) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA 1997, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA 1997, applies;<br>(ii) a company carrying on life business within the meaning of Section 706 of the TCA 1997;<br>(iii) an investment undertaking within the meaning of Section 739B(1) of the TCA 1997, or an investment limited partnership within the meaning of Section 739J of the TCA 1997;<br>(iv) a special investment scheme within the meaning of Section 737 of the TCA 1997;<br>(v) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA 1997;<br>(vi) a qualifying management company within the meaning of Section 739B(1) of the TCA 1997;<br>(vii) a unit trust to which Section 731(5)(a) of the TCA 1997 applies;<br>(viii) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of |

the TCA 1997 where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;

(ix) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA 1997, and the Shares are assets of a PRSA;

(x) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;

(xi) the National Asset Management Agency

(xii) the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;

(xiii) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA 1997 (securitisation companies);

(xiv) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the Company; or

(xv) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

provided that a Declaration is in place;

**Financial Crime Risk Management Activity** (a) the detection and prevention of money laundering, terrorist financing, proliferation financing, corruption, tax evasion, fraud, and/or violations, or attempts to circumvent or violate laws, regulations, and/or directives, and fulfilling Compliance Obligations relating to the same; (b) the detection and prevention of the provision of financial and/or other services or support to any persons or entities which may be subject to Economic or Trade Sanctions, and fulfilling Compliance Obligations relating to the same; (c) the interception and investigation of any payment, communication, drawdown request or instruction or any other information otherwise related to any application for Services in connection with any payment screening requirements; and/or (d) the performance of Shareholder due diligence;

**Fund** a portfolio of assets established by the Directors (with the prior approval of the Depositary and the Central Bank) and

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| | constituting a separate fund represented by a separate series of Shares and invested in accordance with the investment objective and policies applicable to such Fund; |
| **Fund Supplement** | a document containing information relating to each Fund; |
| **GBP** | Sterling; |
| **Global Distributor** | HSBC Investment Funds (Luxembourg) S.A.; |
| **HKD** | Hong Kong Dollar; |
| **HSBC Group** | collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices, and any member of the HSBC Group; |
| **Index** | any financial index which a Fund will aim to track, pursuant to its investment objective and in accordance with its investment policies, as specified in the relevant Fund Supplement; |
| **Index Provider or Index Sponsor** | in relation to a Fund, the entity or person who by itself or through a designated agent compiles, calculates and publishes information on an Index as specified in the relevant Fund Supplement; |
| **Index Securities** | those securities constituting the Index; |
| **Initial Offer Period** | the period during which Shares in a Fund are first offered for subscription as specified in the relevant Fund Supplement; |
| **Initial Offer Price** | the price at which a Class of Shares is first offered as set out in the relevant Fund Supplement; |
| **In-Kind Transaction Fee** | the fee amount payable by an Authorised Participant in the currency specified in the relevant Fund Supplement, in addition to the value of the Creation and Redemption Units subscribed for, or deducted from the value of the Creation and Redemption Units redeemed in the case of in-kind subscriptions and redemptions respectively. This fee reflects the transfer fees, depositary or sub-custodian charges, governmental charges, registration fees and all other costs and expenses of the relevant Fund incurred either in receiving the requisite securities and cash on a subscription for Creation and Redemption Units, or in delivering the requisite securities and cash on a redemption of Creation and Redemption Units, and will not exceed the amount notified to investors in the manner specified in the relevant Fund Supplement; |
| **Investment Manager** | HSBC Global Asset Management (UK) Limited or such other company as may from time to time be appointed to provide investment management services to the Company in accordance with the requirements of the Central Bank; |
| **Irish Resident** | any company resident, or other person resident or ordinarily resident, in the Republic of Ireland for the purposes of Irish tax. Please see the "**Taxation**" section |

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| | below for the summary of the concepts of residence and ordinary residence issued by the Irish Revenue Commissioners; |
| **JPY** | Japanese Yen; |
| **Listing Stock Exchange** | such selected exchanges as the Directors may determine from time to time in respect of each Fund and which are specified in Appendix A; |
| **Loss** | claims, charges, costs (including, but not limited to, any legal or other professional costs), damages, debts, expenses, taxes, liabilities, and any other payments or losses of any kind (including, but not limited to, any currency or exchange loss), obligations, allegations, suits, actions, demands, causes of action, proceedings or judgments of any kind however calculated or caused, and whether direct or indirect, consequential, punitive or incidental; |
| **Luxembourg Law** | the Luxembourg Law of 17 December 2010 on undertakings for collective investment, implementing UCITS IV Directive 2009/65/EC into the Luxembourg Law; |
| **Management Company** | HSBC Investment Funds (Luxembourg) S.A.; |
| **Member State** | a member state of the European Union; |
| **Minimum Initial Subscription** | for any Fund, the value of one Creation and Redemption Unit or such other amount as the Directors may determine and notify to Shareholders; |
| **Net Asset Value** | the net asset value of a Fund calculated as described in the "**Determination of Net Asset Value**" section of this Prospectus; |
| **Net Asset Value per Share** | the net asset value of a Share in any Fund, including a Share of any Class of Shares issued in a Fund calculated as described in the "**Determination of Net Asset Value**" section of this Prospectus; |
| **NZD** | New Zealand Dollar; |
| **OECD** | the Organisation for Economic Co-Operation and Development; |
| **Online Portal** | Evolve or any other system developed and implemented by either the Administrator or the Investment Manager in due course, the details of which will be communicated to Authorised Participants. |
| **OTC** | Over-the-counter |
| **Optimisation** | where the relevant Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio.<br>Consequently a Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights. Furthermore, a Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to |

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| | certain Index constituents; |
| **Personal Data** | any information relating to an individual or an entity which can identify that individual or entity, and which can include sensitive personal data; |
| **Portfolio Composition File** | for in-kind subscriptions and redemptions, the statement identifying each of the securities and the quantities thereof which the Company will expect to be delivered to it when one Creation and Redemption Unit is subscribed for, or delivered by it, when one Creation and Redemption Unit is redeemed. Such statement will be available upon request from the Investment Manager. Ordinarily the Portfolio Composition File will be the same for subscriptions and redemptions; however, in certain circumstances, it may be different for subscriptions and redemptions on a given day for one or more Funds. The Portfolio Composition File will comprise securities in which the Fund may invest in accordance with its investment objective, investment policies and restrictions; |
| **Portfolio Deposit** | for in-kind subscriptions and redemptions, the securities comprising the Portfolio Composition File, plus or minus (as the case may be) the Cash Portion, to be delivered to the Company in subscribing for one Creation and Redemption Unit or to be delivered by the Company in redeeming one Creation and Redemption Unit; |
| **Portfolio Holdings File** | the statement illustrating a breakdown of the constituents held by a Fund subject to any applicable restrictions under the licence which the Investment Manager has in place with the relevant benchmark index providers. Such statement will be published as outlined in the relevant Fund Supplement. |
| **Primary Market** | a market on which the Shares of a Fund are subscribed or redeemed (off exchange) directly with the Company; |
| **PRIIPs KID** | means the Packaged Retail Investment and Insurance-Based Products Key Information Document in accordance with Regulation (EU) 2021/2259 (including, where in the context requires, such regulation as it applies in the United Kingdom pursuant to the European Union (Withdrawal) Act 2018 as amended from time to time) issued in respect of a Fund or a Class; |
| **Prospectus** | this document, Appendix A, Appendix B, Appendix C, the relevant Fund Supplement for any Fund and any other supplement or addendum designed to be read and construed together with and to form part of this document, as each may be amended or replaced from time to time; |
| **Publication Time** | the time on each Dealing Day by which the Portfolio Composition File(s) applicable for subscriptions and redemptions in-kind during that Dealing Day is or are first published, as specified for each Fund in the relevant Fund Supplement; |

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| **Recognised Clearing and Settlement System** | any clearing system for the settlement of transactions in relation to securities designated by the Irish Revenue Commissioners of Ireland as a recognised clearing system for the purposes of Chapter 1(a) of Part 27 of the Taxes Consolidation Act, 1997 which at the date hereof comprise Clearstream Banking SA, Clearstream Banking AG, Euroclear, Crest-UK, National Securities Clearing System, Sicovam SA, SIS Sega Intersettle AG and NECIGEF; |
| **Recognised Market** | any recognised exchange or market listed or referred to in Schedule I to this Prospectus and such other markets as Directors may from time to time determine in accordance with the UCITS Regulations and specify in Schedule I to this Prospectus; |
| **Recognised Rating Agency** | Standard & Poor's Ratings Group ("**S&P**"), Moody's Investors Services ("**Moody's**"), Fitch IBCA or an equivalent rating agency; |
| **Redemption Dividend** | a dividend paid in respect of Shares which are the subject of a valid application for redemption; |
| **Relevant Institution** | (a) a credit institution authorised in the EEA (Member States, Norway, Iceland, Liechtenstein); (b) a credit institution authorised within a signatory state (other than an EEA member state) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or (c) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand; |
| **Relevant Stock Exchange** | the stock exchange(s) on which Shares of a Fund will be listed and/or admitted to trading; |
| **Replication** | where the relevant Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. However, there may be circumstances when it is not possible or practicable for a Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of a Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections above) that apply to a Fund or Investment Manager but not the Index; |
| **RMB** | Renminbi |
| **RMP Statement** | any risk management process statement adopted by the Management Company, from time to time, in accordance with the requirements of the Central Bank; |
| **Sanctions Laws** | international legal sanctions regimes including:<br><br>(a) any EU Regulation adopted under Article 215 of the Treaty on the Functioning of the European Union, and any legal act adopted by a Member State of the EU to |

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| | implement, establish penalties in relation to or otherwise give full effect to such a Regulation;<br>(b) any sanctions resolution passed pursuant to Chapter VII of the United Nations Charter by the United Nations Security Council, and any trade, financial or economic sanctions law or embargo giving legal effect to such a sanctions resolution; and<br>(c) any other trade, financial or economic sanctions law or regulation made by a relevant authority of the United States, the United Kingdom, the EU, the Hong Kong Monetary Authority or other applicable government, including US secondary sanctions. |
| **Secondary Market** | a regulated market on which shares are traded via a Recognised Market or OTC market; |
| **Securities Financing Transactions Regulation** | Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as such may be amended, supplemented or replaced from time to time; |
| **SEK** | Swedish Krona; |
| **Services** | (a) the opening and maintaining of the Shareholder's accounts, (b) the provision of credit facilities and other banking products and services to the Shareholder, including broker, agency, depositary, clearing or technology procuring services, (c) investment advisory or other services to the Company and (d) the maintenance of the Investment Manager's overall relationship with the Shareholder, including marketing or promoting the Services or other financial services or related products to the Shareholder; |
| **Service Provider** | any entity that provides services to the Fund; |
| **SFDR** | Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time.<br>Under SFDR sub-funds are classified as either Article 6, Article 8 or Article 9. See the relevant Supplement for further details. |
| **SGD** | Singapore Dollar; |
| **Share or Shares** | a share or shares of whatsoever Class in the capital of the Company (other than Subscriber Shares) entitling the holders to participate in the profits of the Company attributable to the relevant Fund as described in this Prospectus; |
| **Shareholder** | a person registered in the register of members of the Company as a holder of Shares; |
| **Shareholder Information** | means Personal Data, Confidential Information and/or Tax Information; |

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| **Subscriber Shares** | the issued share capital of two (2) subscriber shares of no par value issued at €1 each and initially designated as "**Subscriber Shares**" and which are held by HSBC group companies but which do not entitle the holders to participate in the profits of the Company; |
| **Subscription Account** | the subscription account at umbrella level in the name of the Company; |
| **Sterling** | the lawful currency of the United Kingdom; |
| **Subscriber Shareholder** | a person registered in the register of members of the Company as a holder of Subscriber Shares; |
| **Tax Authorities** | domestic or foreign tax, revenue, fiscal or monetary authorities; |
| **Tax Information** | (a) In respect of an individual Shareholder, any documentation or information relating to an individual, an individual's identity or tax status including but not limited to an individual's name(s), residential address(es), age, date of birth, place of birth, nationality, citizenship, tax residence, domicile for tax purposes, tax identification number (if appropriate) personal and marital status, and shall include where applicable Forms W9 and W8-BEN, as issued by the Internal Revenue Service of the United States of America as amended, supplemented or substituted from time to time, or a self-certification form as defined under local or foreign laws, regulatory guidance, intergovernmental agreements or intergovernmental cooperation agreements; or<br>(b) In respect of a Shareholder that is an entity, any documentation or information for the entity or the entity's individual beneficial owner, "substantial owners" or "controlling persons" relating, directly or indirectly, to (i) Entity Status Information; or (ii) an individual or an individual's identity or tax status (where such individual is a "controlling person", "substantial owner" (as defined above) or beneficial owner of a designated account), including but not limited to such individual's name(s), residential address(es), age, date of birth, place of birth, nationality, citizenship, tax residence, domicile for tax purposes, tax identification number (if appropriate) personal and marital status (and where applicable Forms W9 and W8-BEN, as issued by the Internal Revenue Service of the United States of America as amended, supplemented or substituted from time to time); |
| **Taxonomy Regulation** | means the Regulation EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as amended, supplemented, consolidated, superseded or otherwise modified from time to time. |
| **TCA 1997** | the Taxes Consolidation Act, 1997 (of Ireland) as amended; |
| **UCITS** | an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations; |

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| **UCITS KIID** | the key investor information document as may be issued in respect of each relevant Class as may be amended from time to time; |
| **UCITS Regulations** | the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and all applicable Central Bank regulations or guidance made or conditions imposed or derogations granted thereunder; |
| **UK or United Kingdom** | the United Kingdom of Great Britain and Northern Ireland, its territories and possessions; |
| **Umbrella Cash Account** | any single umbrella cash account for each currency in which a Share Class is denominated in the name of the Company; |
| **US or United States** | The United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction; |
| **US$ or USD or US Dollars** | the lawful currency of the United States of America; |
| **USD Foreign Exchange Market** | the USD foreign exchange market is a market in which participants are able to buy, sell and exchange US Dollars. Foreign exchange markets are made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail foreign exchange brokers and investors; |
| **US Law** | the laws of the United States. US Law shall additionally include all applicable rules and regulations, as supplemented and amended form time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission, the Commodity Futures Trading Commission and the Internal Revenue Service; |
| **US Person** | as defined in this Prospectus under **"RESTRICTIONS ON OFFERS AND SALES TO US PERSONS"**; |
| **Valuation Point** | means the time specified for each Fund in the relevant Fund Supplement or such other time as the Directors may determine from time to time and notify to Shareholders.<br><br>For the avoidance of doubt, the time at which the Net Asset Value is determined will always be after such time as the Directors shall determine as the dealing deadline; |
| **Website** | www.etf.hsbc.com the website for each Fund as specified in the relevant Fund Supplement, on which the Net Asset Value per Share, and any other relevant information relating to any Fund will be published and on which this Prospectus and any other information in respect of the Company, including various shareholder communications, may be published. |

# HSBC ETFs PLC

**(the "Company")**

An investment company with variable capital incorporated in Ireland with registered number 467896 on 27 February 2009 with segregated liability between sub-funds and established as an umbrella fund pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

**This Appendix A forms part of and should be read in the context of and in conjunction with the prospectus for the Company (the "Prospectus"), Appendix B ("Appendix B"), Appendix C ("Appendix C") and the Relevant Supplement for the relevant Fund. Distribution of this Appendix A is not authorised unless accompanied by a copy of the Prospectus, Appendix B, Appendix C and the Supplement for the relevant Fund.**

The Company and the Directors, whose names appear in the Prospectus, accept responsibility for the information contained in the Prospectus, the Relevant Supplement, Appendix B, Appendix C and this Appendix A. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Appendix A is in accordance with the facts and does not omit anything likely to affect the impact of such information. The Directors accept responsibility accordingly.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Prospectus or the Relevant Supplement.

The purpose of this Appendix A is to list the current Funds of the Company, their SFDR categorisation and the primary stock exchanges on which the Shares of each Fund are listed or in respect of which it is proposed that an application will be made for listing. Funds listed in this Appendix A may not be available for investment. An up-to-date list on Funds available for investment is available on request from the Investment Manager.

| **Fund** | **SFDR Categorisation** | **Primary Stock Exchange Listing** |
|---|---|---|
| HSBC ASIA PACIFIC EX JAPAN SCREENED EQUITY UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC DEVELOPED WORLD SCREENED EQUITY UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC EMERGING MARKET SCREENED EQUITY UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC EURO STOXX 50 UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC FTSE 100 UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC HANG SENG TECH UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC JAPAN SCREENED EQUITY UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI AC FAR EAST EX JAPAN UCITS | Article 6 | London Stock Exchange |

| Fund | SFDR Categorisation | Primary Stock Exchange Listing |
|---|---|---|
| ETF | | (LSE) |
| HSBC MSCI CANADA UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI CHINA A UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI CHINA UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI EMERGING MARKETS SMALL CAP SCREENED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI EMERGING MARKETS UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE CLIMATE PARIS ALIGNED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI INDONESIA UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI JAPAN UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI KOREA CAPPED UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI PACIFIC EX JAPAN UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI RUSSIA CAPPED UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI TAIWAN CAPPED UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI USA CLIMATE PARIS ALIGNED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI USA QUALITY UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD CLIMATE PARIS ALIGNED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC S&P 500 UCITS ETF | Article 6 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE ISLAMIC SCREENED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD ISLAMIC SCREENED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI USA ISLAMIC SCREENED UCITS ETF | Article 8 | London Stock Exchange (LSE) |

| Fund | SFDR Categorisation | Primary Stock Exchange Listing |
|---|---|---|
| HSBC MSCI EMERGING MARKETS ISLAMIC SCREENED CAPPED UCITS ETF | Article 8 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD SMALL CAP SCREENED UCITS ETF | Article 8 | London Stock Exchange (LSE) |

***These Funds are closed to further subscription and in the process of being terminated.**

## APPENDIX B / MASTER SCHEDULE OF PAYING AGENT APPOINTMENTS

# HSBC ETFs PLC

**(the "Company")**

An investment company with variable capital incorporated in Ireland with registered number 467896 on 27 February 2009 with segregated liability between sub-funds and established as an umbrella fund pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

**This Appendix B forms part of and should be read in the context of and in conjunction with the prospectus for the Company (the "Prospectus"), Appendix A ("Appendix A"), Appendix C ("Appendix C") and the Relevant Supplement for the relevant Fund. Distribution of this Appendix B is not authorised unless accompanied by a copy of the Prospectus, Appendix A, Appendix C and the Supplement for the relevant Fund.**

The Company and the Directors, whose names appear in the Prospectus, accept responsibility for the information contained in the Prospectus, the Relevant Supplement, Appendix A, Appendix C and this Appendix B. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Appendix B is in accordance with the facts and does not omit anything likely to affect the impact of such information. The Directors accept responsibility accordingly.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Prospectus or the Relevant Supplement.

The purpose of this Appendix B is to list the current Paying Agents which have been appointed by the Management Company on behalf of the Company and to disclose the name, address and jurisdiction of each Paying Agent so appointed.

| **Paying Agent** | **Address** | **Jurisdiction** |
|---|---|---|
| Skandinaviska Enskilda Banken AB, through its entity Custody Services, SEB Merchant Banking | SEB Merchant Banking<br>Custody Services<br>Global Funds<br>RB6<br>Rissneleden 110<br>SE-106 40<br>Stockholm<br>Sweden | Sweden |
| HSBC Private Bank (Suisse) SA (Paying Agent in Switzerland) | Quai des Bergues 9-17<br>P.O. Box 2888<br>CH-1211 Geneva 1<br>Switzerland | Switzerland |
| HSBC Global Asset Management (Switzerland) Ltd. (Representative in Switzerland) | Gartenstrasse 26<br>P.O. Box<br>CH-8002 Zurich<br>Switzerland | Switzerland |
| CACEIS Bank | 1/3 Place Valhubert<br>75013 | France |

| | | |
|---|---|---|
| | Paris<br>France | |
| BEST – Banco Electrónico de Serviço Total, S.A. | Praça Marquês De Pombal 3A, 3<br>Lisbon<br>Portugal | Portugal |
| RBC Investor Services Belgium SA | 37, boulevard du Roi Albert II, 1030 Bruxelles | Belgium |
| HSBC France, Luxembourg Branch | Dairy House<br>16 boulevard d'Avranches<br>L-1160 Luxembourg | Luxembourg |

Shareholders should note that local laws/regulations may require the appointment of a Paying Agent and maintenance of accounts by such Paying Agents through which subscription and redemption monies or dividends may be paid. Shareholders who choose or are obliged to under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Administrator (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against the intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator for the account of the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Shareholder. Fees and expenses of the Paying Agents appointed by the Management Company which will be at normal commercial rates will be borne by the Fund in respect of which a Paying Agent has been appointed. All Shareholders of the relevant Fund on whose behalf a Paying Agent is appointed may avail of the services provided by Paying Agents appointed by the Management Company on behalf of the Company.

Facilities for investors, related to Article 92 (b-e) of the Directive 2009/65/EC (as amended by the Directive (EU) 2019/1160), are available from
HSBC Investment Funds (Luxembourg) S.A.
16, Boulevard d'Avranches,
L-1160 Luxembourg
via https://eifs.lu/hsbc-asset-management

# HSBC ETFs PLC

**(the "Company")**

An investment company with variable capital incorporated in Ireland with registered number 467896 on 27 February 2009 with segregated liability between sub-funds and established as an umbrella fund pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

**This Appendix C forms part of and should be read in the context of and in conjunction with the prospectus for the Company (the "Prospectus"), Appendix A ("Appendix A"), Appendix B ("Appendix B") and the Relevant Supplement for the relevant Fund. Distribution of this Appendix C is not authorised unless accompanied by a copy of the Prospectus, Appendix A, Appendix B and the Supplement for the relevant Fund.**

The Company and the Directors, whose names appear in the Prospectus, accept responsibility for the information contained in the Prospectus, the Relevant Supplement, Appendix A, Appendix B and this Appendix C. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Appendix C is in accordance with the facts and does not omit anything likely to affect the impact of such information. The Directors accept responsibility accordingly.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Prospectus or the Relevant Supplement.

The purpose of this Appendix C is to list the current sub-custodians appointed by the Depositary.

| Country | Sub-custodian |
|---|---|
| Australia | HSBC Bank Australia Ltd |
| Austria | HSBC Trinkaus & Burkhardt AG |
| Austria | Oester Kontrollbk Wien (OeKB) |
| Bahrain | HSBC Bank Middle East Ltd (Bahrain) |
| Bangladesh | The Hongkong and Shanghai Banking Corporation Ltd (Bangladesh) |
| Belgium | BNP Paribas Securities Services (Belgium) |
| Benin | Societe Generale Côte d'Ivoire |
| Belgium | Euroclear Bank S.A./N.V. |
| Botswana | Standard Chartered Bank Botswana Ltd |
| Brazil | Banco BNP Paribas Brasil S.A. |
| Bulgaria | UniCredit Bulbank AD |
| Burkina Faso | Societe Generale Côte d'Ivoire |
| Canada | Royal Bank of Canada |
| Chile | Banco Santander Chile |
| China | Citibank (China) Co Ltd |
| China | HSBC Bank (China) Company Limited |
| Colombia | ITAÚ Securities Services Colombia S.A. Sociedad Fiduciaria |

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|---|---|
| Costa Rica | Banco Nacional de Costa Rica |
| Croatia | Privredna Banka Zagreb d.d. |
| Cyprus | HSBC Continental Europe, Greece |
| Czech Republic | Ceskoslovenska obchodni banka, a. s. |
| Denmark | Skandinaviska Enskilda Banken AB |
| Egypt | HSBC Bank Egypt Ltd |
| Estonia | SEB Pank |
| Finland | Skandinaviska Enskilda Banken AB |
| France | BNP Paribas Securities Services, Paris |
| France | CACEIS Bank |
| Germany | HSBC Trinkaus & Burkhardt AG |
| Germany | Clearstream Banking Frankfurt |
| Ghana | Stanbic Bank Ghana Ltd |
| Greece | BNP Paribas S.A Athens |
| Hong Kong | The Hongkong & Shanghai Banking Corporation Ltd (CNC) (HK) |
| Hungary | Unicredit Bank Hungary Zrt |
| India | The Hongkong and Shanghai Banking Corporation Ltd (India) |
| Indonesia | PT Bank HSBC Indonesia |
| Ireland | HSBC Bank Plc |
| Israel | Bank Leumi Le-Israel BM |
| Italy | BNP Paribas Securities Services (Milan Branch) |
| Ivory Coast | Societe Generale Côte d'Ivoire |
| Japan | The Hongkong and Shanghai Banking Corporation Ltd (Japan) |
| Jordan | Bank of Jordan Plc |
| Kenya | Stanbic Bank Ltd |
| Kuwait | HSBC Bank Middle East Ltd (Kuwait) |
| Latvia | AS SEB Banka |
| Lebanon | Bank Audi s.a.l. |
| Lithuania | AS SEB bankas |
| Luxembourg | Clearstream Banking SA |
| Malaysia | HSBC Bank Malaysia Berhad |
| Mali | Societe Generale Côte d'Ivoire |
| Mauritius | The Hongkong and Shanghai Banking Corporation Ltd (Mauritius) |
| Mexico | Banco S3 CACEIS Mexico, S.A. |
| Morocco | Citibank Maghreb SA |
| Netherlands | BNP Paribas Securities Services (Netherlands) |
| New Zealand | The Hongkong and Shanghai Banking Corporation Ltd (New Zealand) |
| Niger | Societe Generale Côte d'Ivoire |
| Nigeria* | Stanbic IBTC Bank plc |
| Norway | Skandinaviska Enskilda Banken AB S |
| Oman | State Street Bank and Trust Company |
| Pakistan | Citibank NA (Pakistan) |
| Palestine | Bank of Jordan Plc |
| Peru | Citibank del Peru S.A. |
| Philippines | The Hongkong and Shanghai Banking Corporation Ltd (Philippines) |

| | |
|---|---|
| Poland | Bank Polska Kasa Opieki SA |
| Poland | Societe General SA Poland Branch |
| Portugal | BNP Paribas Securities Services (Portugal) |
| Qatar | HSBC Bank Middle East Ltd, Qatar |
| Romania | Citibank Europe plc Dublin - Romania Branch |
| Russia | AO Citibank |
| Saudi Arabia | HSBC Saudi Arabia Ltd |
| Senegal | Societe Generale Côte d'Ivoire |
| Serbia | Unicredit Bank Srbija a.d. |
| Singapore | The Hongkong and Shanghai Banking Corporation Ltd (Singapore) |
| Slovakia | Ceskoslovenska obchodni banka, a. s. |
| Slovenia | Unicredit Banka Slovenija DD |
| South Africa | Standard Bank of South Africa Ltd |
| South Korea | The Hongkong and Shanghai Banking Corporation Ltd (South Korea) |
| Spain | BNP Paribas Securities Services (Spain) |
| Sri Lanka | The Hongkong and Shanghai Banking Corporation Ltd (Sri Lanka) |
| Sweden | Skandinaviska Enskilda Banken AB (publ.) |
| Switzerland | Credit Suisse (Switzerland) Ltd |
| Switzerland | SIX SIS AG ZUERICH |
| Taiwan | HSBC Bank (Taiwan) Ltd |
| Tanzania | Standard Chartered Bank (Mauritius) Ltd, Tanzania |
| Thailand | The Hongkong and Shanghai Banking Corporation Ltd (Thailand) |
| Togo | Societe Generale Côte d'Ivoire |
| Tunisia | Union Internationale de Banques |
| Turkey | Turk Ekonomi Bankasi A.S. |
| Uganda* | Stanbic Bank Uganda Ltd |
| United Arab Emirates | HSBC Bank Middle East Ltd (UAE) |
| United Kingdom | HSBC Bank Plc (UK) |
| United States | Brown Brothers Harriman & Co, USA |
| United States | HBSC Bank (USA) NA |
| Vietnam | HSBC (Vietnam) Ltd |
| Zambia* | Stanbic Bank Zambia Ltd |
| Zimbabwe** | Standard Bank of South Africa Limited |

* NOTE: Nigeria, Uganda and Zambia approved for certain trades only.

** NOTE: Custody Approved on a case by case basis.

## APPENDIX FOR SWITZERLAND

### ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND

**1. Representative**

The representative in Switzerland is HSBC Global Asset Management (Switzerland) Ltd., Gartenstrasse 26, P.O. Box, CH-8002 Zürich

**2. Paying Agent**

The paying agent in Switzerland is HSBC Private Bank (Suisse) SA, Quai des Bergues 9-17, P.O. Box 2888, CH-1211 Geneva 1

**3. Location where the relevant documents may be obtained**

The Prospectus, the Key Information Documents (KIIDs), the articles of association and the annual and semi-annual reports of the Company may be obtained free of charge from the representative.

**4. Publications**

Publications concerning the foreign collective investment scheme are made in Switzerland in www.fundinfo.com.

Each time shares are issued or redeemed, the issue and the redemption prices or the net asset value of the shares of each fund together with indication reference stating “commissions excluded” must be published in www.fundinfo.com. Prices must be published daily.

**5. Payment of retrocessions and rebates**

The Company and its agents do not pay retrocessions to third parties as remuneration for distribution activity in respect of the shares of the funds in Switzerland.

In respect of distribution in Switzerland, the Company and its agents do not pay any rebates to reduce the fees or costs incurred by the investor and charged to the Company.

**6. Place of performance and Place of jurisdiction**

In respect of the shares offered in Switzerland, the place of performance is the registered office of the representative. The place of jurisdiction is at the registered office of the representative or at the registered office or place of residence of the investor.



INTERNAL

**ADDITIONAL INFORMATION IN RELATION TO THE LISTING ON THE SIX SWISS EXCHANGE**

For the following Share Classes an application regarding the listing on SIX Swiss Exchange Ltd ("SIX Swiss Exchange") has been filed:

| Fund | Trading Currency | Share class Name | ISIN Code | Security number (Valor) | Primary Listing |
|---|---|---|---|---|---|
| HSBC ASIA PACIFIC ex JAPAN SCREENED EQUITY UCITS ETF | USD | USD | IE00BKY58G26 | 55430554 | London Stock Exchange (LSE) |
| HSBC DEVELOPED WORLD SCREENED EQUITY UCITS ETF | USD | USD | IE00BKY59K37 | 55988433 | London Stock Exchange (LSE) |
| HSBC EMERGING MARKET SCREENED EQUITY UCITS ETF | USD | USD | IE00BKY59G90 | 55372268 | London Stock Exchange (LSE) |
| HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF | USD | USD | IE00B5L01S80 | 13224980 | London Stock Exchange (LSE) |
| HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF | CHF | CHF | IE0009YEDMC6 | 128178292 | London Stock Exchange (LSE) |
| HSBC FTSE 100 UCITS ETF | USD | GBP | IE00B42TW061 | 10477499 | London Stock Exchange (LSE) |
| HSBC HANG SENG TECH UCITS ETF | USD | HKD | IE00BMWXKN31 | 58535993 | London Stock Exchange (LSE) |
| HSBC JAPAN SCREENED EQUITY UCITS ETF | USD | USD | IE00BKY55S33 | 55292089 | London Stock Exchange (LSE) |
| HSBC MSCI AC FAR EAST ex JAPAN UCITS ETF | USD | USD | IE00BBQ2W338 | 22455030 | London Stock Exchange (LSE) |
| HSBC MSCI JAPAN UCITS ETF | USD/YEN | USD | IE00B5VX7566 | 11166540 | London Stock Exchange (LSE) |
| HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF | USD | USD | IE000UU299V4 | 114465792 | London Stock Exchange (LSE) |
| HSBC EURO STOXX 50 UCITS ETF | USD/EUR | EUR | IE00B4K6B022 | 10638656 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE UCITS ETF | USD/EUR | EUR | IE00B5BD5K76 | 11306992 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE CLIMATE PARIS ALIGNED UCITS ETF | EUR | EUR | IE00BP2C0316 | 112312967 | London Stock Exchange (LSE) |
| HSBC S&P 500 UCITS ETF | USD | USD | IE00B5KQNG97 | 11307112 | London Stock Exchange (LSE) |
| HSBC S&P 500 UCITS ETF | CHF | CHF | IE000WMIYI33 | 128198208 | London Stock Exchange (LSE) |
| HSBC MSCI USA QUALITY UCITS ETF | USD | USD | IE00B5WFQ436 | 11306945 | London Stock Exchange (LSE) |
| HSBC MSCI USA CLIMATE PARIS ALIGNED UCITS ETF | USD | USD | IE00BP2C1S34 | 112312823 | London Stock Exchange (LSE) |
| HSBC MSCI PACIFIC ex JAPAN UCITS ETF | USD | USD | IE00B5SG8Z57 | 11747744 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD UCITS ETF | USD | USD | IE00B4X9L533 | 12015245 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD UCITS ETF | CHF | CHF | IE000WMRNBB0 | 126437443 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD UCITS ETF | USD | USD | IE000UQND7H4 | 120091699 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD CLIMATE PARIS ALIGNED UCITS ETF | USD | USD | IE00BP2C1V62 | 112310883 | London Stock Exchange (LSE) |
| HSBC MSCI CHINA UCITS ETF | USD | USD | IE00B44T3H88 | 12534159 | London Stock Exchange (LSE) |
| HSBC MSCI CHINA A UCITS ETF | USD | USD | IE00BF4NQ904 | 42968347 | London Stock Exchange (LSE) |
| HSBC MSCI EMERGING MARKETS SMALL CAP SCREENED UCITS ETF | USD | USD | IE000W080FK3 | 123003228 | London Stock Exchange (LSE) |
| HSBC MSCI CANADA UCITS | USD/CAD | USD | IE00B51B7Z02 | 12570209 | London Stock Exchange (LSE) |

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|---|---|---|---|---|---|
| ETF | | | | | |
| HSBC MSCI INDONESIA UCITS ETF | USD | USD | IE00B46G8275 | 12789497 | London Stock Exchange (LSE) |
| HSBC MSCI TAIWAN CAPPED UCITS ETF | USD | USD | IE00B3S1J086 | 12789541 | London Stock Exchange (LSE) |
| HSBC MSCI KOREA CAPPED UCITS ETF | USD | USD | IE00B3Z0X395 | 12843012 | London Stock Exchange (LSE) |
| HSBC MSCI RUSSIA CAPPED UCITS ETF | USD | USD | IE00B5LJZQ16 | 13224987 | London Stock Exchange (LSE) |
| HSBC MSCI EMERGING MARKETS UCITS ETF | USD | USD | IE00B5SSQT16 | 13305825 | London Stock Exchange (LSE) |
| HSBC MSCI EUROPE ISLAMIC SCREENED UCITS ETF | USD | EUR | IE000AGFZM58 | 123700727 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD ISLAMIC SCREENED UCITS ETF | USD | USD | IE000X9FTI22 | 123573891 | London Stock Exchange (LSE) |
| HSBC MSCI USA Islamic SCREENED UCITS ETF | USD | USD | IE000I5NV504 | 123331016 | London Stock Exchange (LSE) |
| HSBC MSCI EMERGING MARKETS ISLAMIC SCREENED CAPPED UCITS ETF | USD | USD | IE0009BC6K22 | 124403950 | London Stock Exchange (LSE) |
| HSBC MSCI WORLD SMALL CAP SCREENED UCITS ETF | USD | USD | IE000C692SN6 | 122657074 | London Stock Exchange (LSE) |

**Clearing and Settlement:**

The shares traded on SIX Swiss Exchange are settled via SIX SIS.

**Market Maker:**

The Company has appointed Goldenberg Hehmeyer LLP, 50 Bank Street, London E14 5NS, United Kingdom and Société Générale, 29 Boulevard Haussmann, 75009 Paris, France, as market makers for the shares on SIX Swiss Exchange. The Company may at any time appoint additional market makers.

The role of the market maker is to maintain a market for the shares listed on SIX Swiss Exchange for which it has been appointed and to publish bid and ask prices for the relevant funds on the SIX Swiss Exchange trading system.

According to the practice of the Swiss Financial Market Supervisory Authority FINMA, each market maker is required to ensure that the difference between (i) the indicative NAV per share (calculated by reference to the NAV per share and subsequently updated to reflect changes in the prices of the constituent stocks due to trading activity also referred to as indicative NAV) and (ii) the price at which investors may buy and sell the shares on SIX Swiss Exchange is reduced to a reasonable level.

Under the terms of the Market Making Agreement entered into between SIX Swiss Exchange and each market maker, the relevant market maker is required, subject to specific rules and under normal market conditions, to maintain a market on SIX Swiss Exchange for the shares of the relevant funds and to quote on the SIX Swiss Exchange trading system “bid” and “ask” prices for these shares at the maximum spreads set out below:

i) Where more than 50% of the constituent stocks (stocks which are constituents of the index forming the underlying of a fund) can be traded between the trading hours of SIX Swiss Exchange and the respective exchange of primary listing the Market Maker will be obliged to make “bid” and “ask” prices for the shares on the SIX Swiss Exchange trading system at a spread of not more than 2% (1% on either side of the indicative NAV).

ii) Where more than 50% of the constituent stocks cannot be traded due to a time difference between the trading hours of SIX Swiss Exchange and the respective exchange of primary listing the Market Maker will be also obliged to make “bid” and “ask” prices for the shares on the SIX Swiss Exchange trading system at a spread of not more than 5%.

The Market Maker has undertaken to make a market in the shares of the relevant funds with a minimum order-size of EUR 50’000.- on each side during at least 90% of the trading hours on the SIX Swiss Exchange calculated on a monthly base. This obligation applies under normal market circumstances.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC Asia Pacific ex Japan Screened Equity UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC Asia Pacific ex Japan Screened Equity UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC Asia Pacific ex Japan Screened Equity UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The FTSE Asia Pacific ex Japan ESG Low Carbon Select Index does not benefit in any manner whatsoever from the sponsoring, support, or promotion, and is not sold by FTSE International Limited (hereinafter "FTSE"), London Stock Exchange Plc, the Financial Times Limited or Research Affiliates LLC (collectively designated as the "Holders"). The Holders do not grant any guarantee and do not make any commitment, whether explicit or implied, as to the income to be obtained by using the FTSE Asia Pacific ex Japan ESG Low Carbon Select Index (hereinafter the "Index") and/or the level at which the Index is positioned at any given moment or day or any other type. The Index is calculated by or on behalf of FTSE. The Holders shall not be held responsible (regardless of resulting from negligence or any other reason) for any error impacting the Index concerning whosoever and shall not be obliged to inform whosoever of any error impacting it. "FTSE®", "FT-SE®" and "Footsie®" are trademarks registered by the London Stock Exchange Plc and The Financial Times Limited, and are used under licence by FTSE. "RAFI™" and "Research Affiliates™" are trademarks owned by Research Affiliates LLC and are used under licence by FTSE.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to the Shareholder. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to the Shareholder in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets |

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| | of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE Asia Pacific ex Japan ESG Low Carbon Select Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a |

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| | limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE Asia Pacific ex Japan ESG Low Carbon Select 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 subset of the FTSE Asia Pacific ex Japan Index (the "**Parent Index**") and aims to measure the performance of companies in emerging and developed countries in Asia Pacific ex-Japan as defined by the Index Provider. As further detailed in the "**Index Description**" section of the Supplement, on an annual basis, the Index Provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell environmental, social and governance ("**ESG**") ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purposes of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**Index Description**"). Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "**Index Description"** below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The Fund may avail of the higher investment limits allowed to certain index tracking funds, as described at paragraph 4 of the section of the Prospectus headed "**Investment**

**Restrictions**". The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Index will be rebalanced on a quarterly basis in order to account for the exclusions criteria described above alongside changes to the Parent Index, and the Fund's investment portfolio will be rebalanced as soon as practicable thereafter.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 15% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the

Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Emerging Markets**

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "Political and/or Regulatory Risks", "Custodial Risk" and "Particular Risks of Investment in Chinese Securities" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

The Shareholder should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

The Shareholder should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

**Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for

Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provisions for Duties and Changes and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit for an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, the Shareholder will be entitled on any Dealing Day

to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, the Shareholder should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

The Shareholder may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.25% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of

subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BKY58G26 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on21 August 2020.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE Asia Pacific ex Japan ESG Low Carbon Select Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

    a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
    b. companies identified as involved in the manufacturing of tobacco products;
    c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
    d. companies identified as involved with thermal coal extraction and electricity generation;
    e. companies identified as involved with electricity generation from nuclear power; and
    f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
    g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
    h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions[1], fossil fuel reserves exposure and FTSE Russell ESG ratings[2]based criteria. The Index also aims to maintain country neutrality and to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[3]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index and country neutrality. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the FTSE® internet website: https://www.ftserussell.com/.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

[1] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and calculated as operational carbon emissions in metric tons per million dollars revenue.

[2] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[3] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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# HSBC Developed World Screened Equity UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC Developed World Screened Equity UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC Developed World Screened Equity UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The FTSE Developed ESG Low Carbon Select Index does not benefit in any manner whatsoever from the sponsoring, support, or promotion, and is not sold by FTSE International Limited (hereinafter "FTSE"), London Stock Exchange Plc, the Financial Times Limited or Research Affiliates LLC (collectively designated as the "Holders"). The Holders do not grant any guarantee and do not make any commitment, whether explicit or implied, as to the income to be obtained by using the FTSE Developed ESG Low Carbon Select Index (hereinafter the "Index") and/or the level at which the Index is positioned at any given moment or day or any other type. The Index is calculated by or on behalf of FTSE. The Holders shall not be held responsible (regardless of resulting from negligence or any other reason) for any error impacting the Index concerning whosoever and shall not be obliged to inform whosoever of any error impacting it. "FTSE®", "FT-SE®" and "Footsie®" are trademarks registered by the London Stock Exchange Plc and The Financial Times Limited, and are used under licence by FTSE. "RAFI™" and "Research Affiliates™" are trademarks owned by Research Affiliates LLC and are used under licence by FTSE.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("USD") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to the Shareholder. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to the Shareholder in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets |

| | |
|---|---|
| | of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE Developed ESG Low Carbon Select Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a |

| | |
|---|---|
| | limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small; or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE Developed ESG Low Carbon Select 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 subset of the FTSE Developed Index (the "**Parent Index**") and aims to measure the performance of companies in developed countries as defined by the Index Provider. As further detailed in the "**Index Description**" section of the Supplement, on an annual basis, the Index Provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell environmental, social and governance ("**ESG**") ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The indicative net asset value per share for the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use financial derivative instruments ("**FDI**"), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Index will be rebalanced on a quarterly basis in order to account for the exclusions criteria described above alongside changes to the Parent Index, and the Fund's investment portfolio will be rebalanced as soon as practicable thereafter.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions. Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index.

Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days after the Dealing Day, or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions, (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall

indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, the Shareholder will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the Funds being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, the Shareholder should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

The Shareholder may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and

expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BKY59K37 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

All Shares issued will be in registered form. Written confirmation of ownership will be sent to investors that have subscribed for Shares within two Business Days of the Dealing Day. Shares may only be issued as fully paid in whole units. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares are to be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on or around January 2020.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE Developed ESG Low Carbon Select Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

    a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
    b. companies identified as involved in the manufacturing of tobacco products;
    c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
    d. companies identified as involved with thermal coal extraction and electricity generation;
    e. companies identified as involved with electricity generation from nuclear power; and
    f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
    g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
    h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions[4], fossil fuel reserves exposure and FTSE Russell ESG ratings[5] based criteria. The Index also aims to maintain country neutrality and to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[6]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

[4] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and calculated as operational carbon emissions in metric tons per million dollars revenue.

[5] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[6] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index and country neutrality. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the FTSE® internet website: https://www.ftserussell.com/

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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# HSBC Emerging Market Screened Equity UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC Emerging Market Screened Equity UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC Emerging Market Screened Equity UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The FTSE Emerging ESG Low Carbon Select Index does not benefit in any manner whatsoever from the sponsoring, support, or promotion, and is not sold by FTSE International Limited (hereinafter "FTSE"), London Stock Exchange Plc, the Financial Times Limited or Research Affiliates LLC (collectively designated as the "Holders"). The Holders do not grant any guarantee and do not make any commitment, whether explicit or implied, as to the income to be obtained by using the FTSE Emerging ESG Low Carbon Select Index (hereinafter the "Index") and/or the level at which the Index is positioned at any given moment or day or any other type. The Index is calculated by or on behalf of FTSE. The Holders shall not be held responsible (regardless of resulting from negligence or any other reason) for any error impacting the Index concerning whosoever and shall not be obliged to inform whosoever of any error impacting it. "FTSE®", "FT-SE®" and "Footsie®" are trademarks registered by the London Stock Exchange Plc and The Financial Times Limited, and are used under licence by FTSE. "RAFI™" and "Research Affiliates™" are trademarks owned by Research Affiliates LLC and are used under licence by FTSE.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
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| **Base Currency** | US Dollars ("**USD**") |
| **Brazilian Tax** | On 14 September 2016, the Brazilian tax authorities issued Normative Instruction 1658/16 amending the list of countries considered to be 'low tax jurisdictions' to include Ireland. The changes were effective from 1 October 2016 onwards and established capital gains tax on the disposal of Brazilian securities. Also, on September 1, 2021, Brazil's House of Deputies approved Bill 2,337, which if approved by Brazil's Senate and President would establish withholding tax on dividends.<br><br>As a consequence investors should note that where such taxes are applied to Brazilian securities they will be passed on to investors in the Fund and paid to the Brazilian tax authorities. |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to the Shareholder. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 5% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to the Shareholder in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received |

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|---|---|
| | by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE Emerging ESG Low Carbon Select Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | As in-kind subscriptions and redemptions are not accepted for this Fund, there is no In-Kind Transaction Fee applicable. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional |

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|---|---|
| | investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small; or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE Emerging ESG Low Carbon Select 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 subset of the FTSE Emerging Index (the "**Parent Index**") and aims to measure the performance of companies in emerging markets as defined by the Index Provider. As further detailed in the "**Index Description**" section of the Supplement, on an annual basis, the Index Provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell environmental, social and governance ("**ESG**") ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**Index Description**") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "**Index Description**" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Exchange ("MICEX -RTS"). As of the end of August 2021, Russian securities made up approximately 43.75% of the Index's market capitalisation.

The indicative net asset value per share for the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use financial derivative instruments ("**FDI**"), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The Fund may not enter into funded swap transactions. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Where the Fund cannot invest directly in Indian equities, exposure to the Indian equity market may be achieved through futures (instruments which create an exposure to an underlying asset).

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as

detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Index will be rebalanced on a quarterly basis in order to account for the exclusions criteria described above alongside changes to the Parent Index, and the Fund's investment portfolio will be rebalanced as soon as practicable thereafter.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.30% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**", "**Custodial Risk**" and "**Particular Risks of Investment in Chinese Securities**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

The Shareholder should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

The Shareholder should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

***Investment in Russia***

There are significant risks inherent in investing in Russia including: (a) delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; (b) the lack of

corporate governance provisions or general rules or regulations relating to investor protection; (c) pervasiveness of corruption, insider trading, and lack of law enforcement in the Russian economic system; (d) difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; (e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes; (f) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; (g) banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; and (h) the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Custodian or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("**Extracts**") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Fund's purchases may be settled with such securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Custodian therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

To mitigate the above perceived risks, investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the MICEX- RTS.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions are not accepted for this Fund. 100% cash subscriptions are accepted only. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that |

| | |
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| | appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday, in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, the Shareholder will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, the Shareholder should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and

subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

The Shareholder may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place within 10 Business Days of the relevant Dealing Day. Redemptions in-kind are not available for this Fund.

As per the provisions set out in the Prospectus, redemptions proceeds (in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

Investors should note that there is a tax which may be applied to all foreign investors investing in Brazil and is payable to the Brazilian tax authorities and so long as the tax remains in force, this tax will be passed on to investors in the Fund.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BKY59G90 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 28 August 2020.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE Emerging ESG Low Carbon Select Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

    a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
    b. companies identified as involved in the manufacturing of tobacco products;

c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions[7], fossil fuel reserves exposure and FTSE Russell ESG ratings[8] based criteria. The Index also aims to maintain country neutrality and to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[9]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of constituents compared to the Parent Index and therefore is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index and country neutrality. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the FTSE® internet website: https://www.ftserussell.com/.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

[7] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and calculated as operational carbon emissions in metric tons per million dollars revenue.

[8] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[9] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

# HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**
**30August 2024**

**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC FTSE EPRA NAREIT DEVELOPED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**
**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), by the London Stock Exchange Plc (the "Exchange"), Euronext N.V. ("Euronext"), The Financial Times Limited ("FT"), European Public Real Estate Association ("EPRA") or the National Association of Real Estate Investment Trusts ("Nareit") (together the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE EPRA Nareit Developed Index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.**

**"FTSE®" is a trade mark of the Exchange and the FT, "Nareit®" is a trade mark of the National Association of Real Estate Investment Trusts and "EPRA®" is a trade mark of EPRA and all are used by FTSE under licence**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or |

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| | combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16:30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue |



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| | or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE EPRA Nareit Developed® Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid- |



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| | price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |



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## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE EPRA Nareit Developed 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 listed real estate companies and REITS of the world's developed equity markets as defined by the Index Provider.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including, (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective InvestmentSchemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.
Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or



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more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.
The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.
The volatility level of the Fund will have a strong correlation to the volatility level of the Index.



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**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who can not afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Investments in Real Estate Companies***

The Fund may purchase interests in real estate companies that invest primarily in the ownership, trading and development of income-producing real estate. The value of interests in real estate companies may be affected by the value of the underlying real estate assets. The value of the underlying real estate assets will generally be a function of the revenues generated by such assets and any capital appreciation or depreciation. Revenues and capital appreciation may be adversely affected by development patterns, increases in real estate taxes, operating expenses and energy costs, changes in patterns of employment, transportation and land utilisation, and adverse changes in interest rates, tax laws and environmental laws and regulations. Any of these factors may reduce the value of an underlying asset and therefore adversely affect returns to the real estate companies. There can be no assurance that the underlying real estate assets will produce anticipated cash flows or that there will be any capital appreciation in the underlying real estate assets. However, investing in real estate companies is not equivalent to investing directly in property and the performance of real estate companies may be more heavily dependent on the general performance of stock markets than the general performance of the property sector.

***Real Estate Investment Trusts***

The Company may purchase interests in Real Estate Investment Trusts ("**REITs**"). REITs are trusts that



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invest primarily in commercial real estate or real estate-related loans. The value of interests in REITs may be affected by the value of the property owned or the quality of the mortgages held by the trust. The ability to trade REITs in the secondary market can be more limited than other shares or securities. The liquidity of REITs on the major U.S. stock exchanges is on average less than the typical stock quoted on the S&P 500 Index.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.005 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.
The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Desposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**
The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.



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## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus.

Settlement for cash and in-kind transactions will take place within four Business Days of the relevant Dealing Day but in any event no later than 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "Fees and Expenses"section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. Such fee shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.



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| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.24% |
| Hedged Share Classes | Up to 0.27% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5L01S80 |
| CHF Hedged | A CHF hedged Class | Accumulating | IE0009YEDMC6 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.
The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 22 June 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.



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## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE EPRA Nareit Developed Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate net total return the performance of the Index.

The Fund will aim to replicate the net total return performance of the Index.

The Index is based on the FTSE EPRA Nareit Developed Index (the "**Parent Index**") which comprises the eligible universe from which the Index is constructed. The Parent Index is designed to track the performance of listed real estate companies and REITS in developed markets and forms part of the FTSE EPRA Nareit Global Real Estate Index Series. The Index supports investors wanting to integrate sustainable investment considerations into their listed real estate portfolio. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 7% per annum.
The Parent Index (and the Index) comprises listed equity securities which are free-float adjusted and subject to semi-annual liquidity testing by way of median daily trading volumes ("**MDTV**"). Prospective new constituents will be tested by way of MDTV for liquidity each quarter.
Securities which do not turnover at least 0.05% of their shares in issue (after adjustments for free float) based on their MDTV per month in ten of the twelve months prior to a full market review, will not be eligible for inclusion in the Index. An existing constituent must turnover at least 0.04% of its shares in issue (after the application of any free float weightings) based on its MDTV per month for at least eight of the twelve months prior to a full market review. Where an existing constituent fails this test, the last six months of the testing period will be assessed on a pro-rata basis. Constituents must meet the meet the required turnover levels at least four out of the last six months. Existing constituents which fail both tests will be removed from the Index.

Neither the Parent Index nor the Index has a market capitalisation bias. However, prospective constituents are assessed for inclusion and existing constituents are assessed for exclusion based on thresholds related to the percentage of market capitalisation in each region comprising the Parent Index and Index, respectively, as further described in the Index methodology. This is to ensure that the Index includes or excludes, as relevant, securities whose market capitalisation has significantly increased or diminished while continuing to be representative of the market measured by the Index.

For further information on the size and liquidity criteria, please refer to the website of the Index provider.

The Index follows the FTSE EPRA Nareit Green Index Series ground rules meaning that, at each Index review date, companies are screened based on a list of baseline, climate activity and conduct-related exclusions, as described below. Companies deriving any revenues from the baseline or climate activity exclusions are removed from the Index.

**Baseline exclusions**

- Controversial weapons
- Tobacco

**Climate activity exclusions**

- Thermal Coal Power Generation
- Thermal Coal extraction
- Thermal Coal Supporting Services
- Oil & Gas Generation

**Conduct-related exclusions**

- Non-compliance with UN Global Compact Principles.
- Non-compliance with the principles of Do No Significant Harm.



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Data is sourced from third party service provider Sustainalytics.

The remaining constituents are then weighted based on a target exposure weighting methodology. Specifically, the Index targets a 50% greenhouse gas emissions intensity reduction compared to the Parent Index, 7% minimum average greenhouse gas emissions intensity reduction relative to the previous year after inception, thereby implementing a clear and measurable path to environmental transition, 30% green building certification increase compared to the Parent Index and 10% energy consumption reduction compared to the Parent Index.
The Index is reviewed annually in September. More information about the Index can be found at the website below:
https://www.lseg.com/en/ftse-russell/indices/epra-nareit-green

The composition of the Index is rebalanced on a quarterly basis according to the FTSE® methodology.
**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.ftse.com

The Index methodology may be amended from time to time by the Index Provider and information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "Management and Administration" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC FTSE 100 UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities**

**(Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC FTSE 100 UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC FTSE 100 UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The HSBC FTSE 100 ETF does not benefit in any manner whatsoever from the sponsoring, support, or promotion, and is not sold by FTSE International Limited (hereinafter "FTSE"), London Stock Exchange Plc, the Financial Times Limited or Research Affiliates LLC (collectively designated as the "Holders"). The Holders do not grant any guarantee and do not make any commitment, whether explicit or implied, as to the income to be obtained by using the FTSE 100 index (hereinafter the "Index") and/or the level at which the Index is positioned at any given moment or day or any other type. The Index is calculated by or on behalf of FTSE. The Holders shall not be held responsible (regardless of resulting from negligence or any other reason) for any error impacting the Index concerning whosoever and shall not be obliged to inform whosoever of any error impacting it. "FTSE®", "FT-SE®" and "Footsie®" are trademarks registered by the London Stock Exchange Plc and The Financial Times Limited, and are used under licence by FTSE. "RAFI™" and "Research Affiliates™" are trademarks owned by Research Affiliates LLC and are used under licence by FTSE.**



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## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | Sterling ("**GBP**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 15.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point) for Base Currency and unhedged Share Classes and 14.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder in the Fund and in any event prior to the Valuation Point) for hedged Share Classes. On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per |



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| | Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE® 100 Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "Investment Objective and Policies" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the “Investment Restrictions” and “Investment Restrictions - Other Restrictions” sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the |



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|---|---|
| | last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |



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## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE® 100 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 100 largest publicly listed companies in the United Kingdom.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

All of the securities in which the Fund invests will be listed or traded on Recognised Markets, i.e. the London Stock Exchange for the Fund and as otherwise defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management of its assets. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its use of FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised



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in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.



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The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of theSecurities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

*FDI*

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

*The Index*

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is limited to securities listed on the London Stock Exchange and, as such, is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager.



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Thereafter ,Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The GBP Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 15.00 (Irish time) on any Dealing Day for Base Currency and unhedged Share Classes; 14.30 (Irish time) for hedged Share Classes. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day



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to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place no later than two Business Days after the relevant Dealing Day. Redemption proceeds in either the Base Currency of the Fund or other local currency (at a competitive rate provided by the Administrator) will be paid by telegraphic transfer to the appropriate bank account as notified by the redeeming Shareholder. The cost of any transfer of proceeds by telegraphic transfer will be deducted from such proceeds. Payment will be made only to an account in the name of the registered Shareholder. Settlement of in-kind transactions will take place within two Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.07% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses

paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| GBP | A Class denominated in the Base Currency | Distributing | IE00B42TW061 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and August/September in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The GBP Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 25 August 2009.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE® 100 Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the gross total return performance of the *FTSE® 100 Index*.

The Index is an equity index calculated, maintained and published on a real-time basis by international index supplier FTSE® and is denominated in Sterling. It tracks the movements of the 100 main stocks



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listed on the London Stock Exchange.

The stocks comprising the Index are weighted according to their market capitalisation based on their free float with a 15 per cent cap factor of each component of the Index.

The composition of the Index is rebalanced on an annual basis according to the FTSE® methodology.

The performance tracked is that of Index closing prices.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the FTSE® internet website: www.ftse.com.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.



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The Company and the Directors of HSBC ETFs **PLC** (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC Hang Seng TECH UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC Hang Seng TECH UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC Hang Seng TECH UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Hang Seng TECH Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name Hang Seng TECH Index are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index(es) by HSBC Global Asset Management (UK) Ltd in connection with HSBC Hang Seng TECH UCITS ETF (the "Product"), BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF ANY OF THE INDEX(ES) AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF ANY OF THE INDEX(ES) OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX(ES) IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of any of the Index(es) and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO ANY OF THE INDEX(ES) BY HSBC Global Asset Management (UK) Ltd IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF ANY OF THE INDEX(ES); OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF ANY OF THE**



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**INDEX(ES) WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
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| **Base Currency** | Hong Kong Dollars **("HKD")** |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to the Shareholder. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to the Shareholder in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, |



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| | exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | Hang Seng TECH Index |
| **Index Provider** | Hang Seng Indexes Co Ltd |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; |



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| | (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |



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## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the Hang Seng TECH Index (the "Index"), while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

The Index aims to measure the performance of the 30 largest technology companies in Hong Kong that satisfy the eligibility criteria as defined by the Index Provider and detailed in the "Index Description" section of the Supplement.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

When the Fund invests in all constituents of the Index, the Fund may make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com. The Fund may avail of the higher investment limits allowed to certain index-tracking funds, as described at paragraph 4 of the section of the Prospectus headed "**Investment Restrictions**".

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, total return swaps, certificates, equity-linked notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an

above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to **hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date.** Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security. Only equity-linked notes which meet the criteria for transferable securities under the UCITS Regulations, which do not embed derivatives and which are unleveraged are eligible for investment by the Fund

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Index will be rebalanced on a quarterly basis in order to account for the Eligibility Criteria described in the "Index Description" section of this Supplement, and the Fund's investment portfolio will be rebalanced as soon as practicable thereafter.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced

exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. As more particularly described under the heading "*Index Description*" the Index is limited to securities of technology companies incorporated in Greater China and listed on the Hong Kong Stock Exchange. As such, the Index is less diversified than broader-based indices in terms of: (i) industries and sectors; (ii) countries; and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with technology companies incorporated in Greater China and a single economic, political or regulatory occurrence affecting such companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period,Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The HKD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a HKD Foreign Exchange Market holiday in which case they will settle on the Business Day after the HKD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**HKD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a HKD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the HKD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure

to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, the Shareholder will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, the Shareholder should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

The Shareholder may effect a redemption of Shares at the Net Asset Value per Share less, an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus. Redemption proceeds in either the Base Currency of the Fund or converted into another currency (converted at a competitive rate provided by the Administrator) will be paid by telegraphic transfer to the appropriate bank account as notified by the redeeming Shareholder. The cost of any transfer of proceeds by telegraphic transfer will be deducted from such proceeds. Payment will be made only to an account in the name of the registered Shareholder. Settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account

of the Fund) any additional fees, costs or expenses over the Total Expense Ratio**. The fees, costs and expenses** which **the Total Expense Ratio covers** are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.50% |

**Fees, costs and expenses** paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| HKD | A Class denominated in the Base Currency | Accumulating | IE00BMWXKN31 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The HKD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 10 December 2020.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the Hang Seng TECH Index (the "**Index**") and is*

*not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is a HKD-denominated equity index calculated, maintained and published on a real-time basis by international index supplier Hang Seng Indexes Co Ltd (the "**Index Provider**"). The Index represents the 30 largest Greater China (i.e. Hong Kong, the People's Republic of China, Macau and Taiwan) technology companies which are listed on the Main Board of the Hong Kong Stock Exchange ("**HKEX**") and which have a high business exposure to defined Technology Themes, as defined below.

The Index excludes Foreign Companies (i.e. companies which are incorporated outside Greater China) and Investment Companies listed under Chapter 21 of HKEX's listing rules.

To be included in the Index, companies must satisfy at least one requirement from each of the following eligibility criteria (the "**Eligibility Criteria**"):

- A company must be classified in one of the following sectors of the Hang Seng Industry Classification System:
  - Industrials;
  - Consumer Discretionary;
  - Healthcare;
  - Financials; or
  - Information Technology

- A company must have a high business exposure to at least one of the following Technology Themes:
  - Internet (including mobile);
  - FinTech;
  - Cloud;
  - E-commerce; or
  - Digital

- A company must meet at least one of the below "Innovation Screening" criteria:
  - Technology-enabled business (e.g. via internet / mobile platform);
  - Research and Development expense-to-revenue ratio equal to, or above 5%; or
  - Year-on-year revenue growth equal to, or above 10%.

The top 30 stocks based on market capitalisation will be selected as Index constituents.

The stocks comprising the Index are weighted according to their free float-adjusted market capitalization. Individual stocks will be capped at 8%.

Eligibility Criteria review will take place at least annually and rebalancing of the Index will take place quarterly at the end of March, June, September and December.

The performance tracked is that of the Index closing prices.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the Index Provider's website: https://www.hsi.com.hk
The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC Japan Screened Equity UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus dated for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC Japan Screened Equity UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC Japan Screened Equity UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The FTSE Japan ESG Low Carbon Select Index does not benefit in any manner whatsoever from the sponsoring, support, or promotion, and is not sold by FTSE International Limited (hereinafter "FTSE"), London Stock Exchange Plc, the Financial Times Limited or Research Affiliates LLC (collectively designated as the "Holders"). The Holders do not grant any guarantee and do not make any commitment, whether explicit or implied, as to the income to be obtained by using the FTSE Japan ESG Low Carbon Select Index (hereinafter the "Index") and/or the level at which the Index is positioned at any given moment or day or any other type. The Index is calculated by or on behalf of FTSE. The Holders shall not be held responsible (regardless of resulting from negligence or any other reason) for any error impacting the Index concerning whosoever and shall not be obliged to inform whosoever of any error impacting it. "FTSE®", "FT-SE®" and "Footsie®" are trademarks registered by the London Stock Exchange Plc and The Financial Times Limited, and are used under licence by FTSE. "RAFI™" and "Research Affiliates™" are trademarks owned by Research Affiliates LLC and are used under licence by FTSE.**

## GENERAL

The following provisions shall be applicable to the Fund:

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|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to the Shareholder. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to the Shareholder in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

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|---|---|
| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | FTSE Japan ESG Low Carbon Select Index |
| **Index Provider** | FTSE International Limited |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. |

| | |
|---|---|
| | Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the FTSE Japan ESG Low Carbon Select 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 subset of the FTSE Japan Index (the "**Parent Index**") and aims to measure the performance of companies in Japan as defined by the Index Provider. As further detailed in the "**Index Description**" section of the Supplement, on an annual basis, the Index Provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell environmental, social and governance ("**ESG**") ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**Index Description**") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "**Index Description**" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities

included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com. The Fund may avail of the higher investment limits allowed to certain index-tracking funds, as described at paragraph 4 of the section of the Prospectus headed "**Investment Restrictions**".

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or

other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Index will be rebalanced on a quarterly basis in order to account for the exclusions criteria described above alongside changes to the Parent Index, and the Fund's investment portfolio will be rebalanced as soon as practicable thereafter.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund mayinvest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 14.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 14.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 14.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, the Shareholder will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, the Shareholder should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

The Shareholder may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BKY55S33 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 5 June 2020.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the FTSE Japan ESG Low Carbon Select Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

    a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
    b. companies identified as involved in the manufacturing of tobacco products;
    c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
    d. companies identified as involved with thermal coal extraction and electricity generation;
    e. companies identified as involved with electricity generation from nuclear power; and
    f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
    g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
    h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions[10], fossil fuel reserves exposure and FTSE Russell ESG ratings[11]based criteria. The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps[12]; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Due to the rating criteria and exclusions referred to above, the Index will have a smaller number of

[10] Carbon emissions are measured as Greenhouse Gas (GHG) Protocol Scope 1 and 2 emissions and calculated as operational carbon emissions in metric tons per million dollars revenue.

[11] Each company in the Index is assigned an ESG rating using the FTSE Russell ESG ratings. Companies with higher ESG ratings will have their weights increased, while companies with lower ESG ratings will have their weights decreased.

[12] Industry (and stock) weight positions will change versus the Parent Index due to the application of the exclusion criteria and also stock price movements.

constituents compared to the Parent Index and therefore is likely to exhibit a different performance and risk profile. Furthermore, as some of the exclusions are applied after the annual rebalance, the Index is unlikely to maintain the capping criteria of the Parent Index. In addition, the level of ESG improvement, carbon reduction and fossil fuel reserves exposure may change from the levels initially set. All of the aforementioned levels will also vary over time with stock price movements.

The Index will be rebalanced on a quarterly basis (i.e. in March, June and December) in order to account for the UNGC exclusions criteria described above along with changes to the Parent Index. Each company's carbon footprint, fossil fuel reserves exposure and FTSE Russell ESG rating is assessed on an annual basis.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the FTSE® internet website: https://www.ftserussell.com/.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs **PLC** (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EMERGING MARKETS SMALL CAP SCREENED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EMERGING MARKETS SMALL CAP SCREENED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EMERGING MARKETS SMALL CAP SCREENED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility may be high.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which**

**this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Brazilian Tax** | On 14 September 2016, the Brazilian tax authorities issued Normative Instruction 1658/16 amending the list of countries considered to be 'low tax jurisdictions' to include Ireland. The changes were effective from 1 October 2016 onwards and established capital gains tax on the disposal of Brazilian securities. Also, on September 1, 2021, Brazil's House of Deputies approved Bill 2,337, which if approved by Brazil's Senate and President would establish withholding tax on dividends.<br><br>As a consequence investors should note that where such taxes are applied to Brazilian securities they will be borne by the Fund and so passed on to investors in the Fund and paid to the Brazilian tax authorities. |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders.<br><br>A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, |

| | |
|---|---|
| | subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Emerging Markets Small Cap SRI ESG Universal Select Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | As in-kind subscriptions and redemptions are not accepted for this Fund, there is no In-Kind Transaction Fee applicable. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the |

| | |
|---|---|
| | volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small; or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Emerging Markets Small Cap SRI ESG Universal Select Index(the "**Index**"), which provides investors the opportunity to gain specific exposure to small-cap equity securities while integrating environmental, social and governance ("**ESG**") metrics within a broad geographic equity index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI Emerging Markets Index (the "**Parent Index**") and includes small cap companies from certain emerging market countries, as determined by the Index Provider. The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI Universal methodology. Further detail is provided under the "**Index Description**" section of the Supplement below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below..

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The markets in which the issuers are based are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below. The Fund may invest in China A Shares: (a) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (subject to applicable quota limitations); or (b) indirectly through CAAP; or (c) through Eligible Collective Investment Schemes.

The indicative net asset value per Share is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use the following FDIs: futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps, which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The Fund may not enter into funded swap transactions. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Where the Fund cannot invest directly in Indian equities, exposure to the Indian equity market may be achieved through futures, which are instruments that create an exposure to an underlying asset).

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: Investment Restrictions - Other Restrictions)
  or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.40% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "**Total Return Swaps, Contracts for Difference and Securities Lending**". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well

as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**", "**Custodial Risk**" and "**Particular Risks of Investment in Chinese Securities**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

The Shareholder should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

The Shareholder should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter,

Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions are not accepted for this Fund. 100% cash subscriptions are accepted only. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off time for receipt of cash is to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday, in which case should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place within 10 Business Days of the relevant Dealing Day. Redemptions in-kind are not available for this Fund.

As per the provisions set out in the Prospectus, redemptions proceeds (in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.35% |
| Hedged Share Classes | Up to 0.38% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

Investors should note that there is a tax which may be applied to all foreign investors investing in Brazil and is payable to the Brazilian tax authorities and so long as the tax remains in force, this tax will be passed on to investors in the Fund.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "**The Shares**" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |
| USD | A Class denominated in the Base Currency | Distributing | |
| CHF Hedged | A CHF Hedged Class | Distributing | |
| EUR Hedged | A EUR Hedged Class | Distributing | |
| GBP Hedged | A GBP Hedged Class | Distributing | |
| USD Hedged | A USD Hedged Class | Distributing | |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "**Distribution Policy**".

Information on currency hedged Classes is provided under the "**Currency Transactions**" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The Shares will be admitted to the official list of the United Kingdom Listing Authority pursuant to Chapter 16 of the UK Listing Rules and admitted to trading on the main market of the London Stock Exchange. The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Emerging Markets Small Cap Universal Screens Index (the **"Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index, which offers a representation of emerging markets equity markets worldwide, as determined by the Index Provider. The small-cap market coverage in the Index is derived from the Parent Index by applying the Index Provider's criteria on free-float adjustment, size & liquidity. Further information is set out in the MSCI Global Investable Market Index methodology, which can be found at: https://www.msci.com/index-methodology.

The Index is constructed from the Parent Index by screening all securities of companies and excluding securities with exposure (as defined by the Index Provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index Provider and set out in the Index methodology and which may be amended from time to time):

- controversial weapons;
- conventional weapons/civilian firearms;
- nuclear weapons;
- adult entertainment;
- genetically modified organisms;
- alcohol;
- gambling;
- nuclear power;
- fossil fuel reserves ownership;
- fossil fuel extraction;
- thermal coal power; and
- tobacco.

**MSCI ESG Universal methodology**

Furthermore, the Index applies the MSCI Universal methodology (which is available on the Index Provider's website) to achieve its ESG objective.

The MSCI Universal methodology aims to represent the performance of an investment strategy that, by re-weighting free-float market cap weights based upon certain ESG metrics, seeks to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from their parent index.

To achieve this, the Index Provider applies the following steps: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EMERGING MARKETS ISLAMIC SCREENED CAPPED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

303 jkldsjafkdslajöfsd **30 April 2025**

**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EMERGING MARKETS ISLAMIC SCREENED CAPPED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EMERGING MARKETS ISLAMIC SCREENED CAPPED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Brazilian Tax** | On 14 September 2016, the Brazilian tax authorities issued Normative Instruction 1658/16 amending the list of countries considered to be 'low tax jurisdictions' to include Ireland. The changes were effective from 1 October 2016 onwards and established capital gains tax on the disposal of Brazilian securities. Also, on September 1, 2021, Brazil's House of Deputies approved Bill 2,337, which if approved by Brazil's Senate and President would establish withholding tax on dividends.<br><br>As a consequence investors should note that where such taxes are applied to Brazilian securities they will be passed on to investors in the Fund and paid to the Brazilian tax authorities. |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |

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| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any Shariah-compliant swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI EM (Emerging Market) Islamic Universal Screened Select Capped Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived |

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| | by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Shariah** | the Islamic investment principles (i.e. Divine Islamic 'law' as revealed in (i) the Qur'an, which is the holy book of Islam, (ii) the sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) ijma, or 'consensus' of the community of Islamic scholars, and (iv) the qiyas, or analogical deductions and reasoning of the Islamic scholars. |
| **Shariah Committee** | the HSBC Global Asset Management Shariah Committee which comprises experienced Islamic scholars and any person appointed to sit on the committee from time to time to advise and guide the Management Company and the Investment Manager on the Fund's compliance with Shariah. For the avoidance of doubt, the Shariah Committee shall not exercise |

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| | any investment discretion over the management of the Fund and shall act in an advisory capacity only. |
| **Shariah Team** | The staff within HSBC Bank Middle East Limited who manage Shariah aspects of the Fund and who liaise with the Shariah Committee. For the avoidance of doubt, the Shariah Team is not involved in the discretionary investment management of the Fund and acts in an advisory capacity only. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI EM (Emerging Market) Islamic Universal Screened Select Capped Index (the "**Index**"), which provides investors the opportunity to gain exposure to large- and mid-cap companies across 24 Emerging Markets[13] countries that comply with Shariah investment principles while integrating environmental, social and governance ("**ESG**") metrics, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI Emerging Markets Islamic Index (the "Parent Index"). The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI Universal Indexes methodology. Further detail is provided under the section titled "Index Description" section of the Supplement.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may also invest in assets which are not Index constituents for the purpose of assisting in tracking the Index, namely American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer. These assets must be in line with Shariah Investment Guidelines provided by the Shariah Committee and advised to the Investment Manager. The Shariah Investment Guidelines used by the Shariah Committee are the international standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) (specifically AAOIFI Financial Accounting Standard No. 14 Investment Funds which can be found at: www.aaoifi.com/e-standards/?lang=en) in addition to the independent views of the Shariah Committee.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The markets in which the issuers are based are considered to be emerging markets and accordingly, are subject to the risks described in the "Investment Risks" section below. The Fund may invest in China A Shares: (a) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (subject to applicable quota limitations); or (b) indirectly through CAAP.

[13] Emerging Markets countries are: Brazil, Chile, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.
If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

In addition to compliance with the UCITS Regulations and the applicable Central Bank requirements, investments in securities which are not constituents of the Index shall only be made if they are in accordance with the Shariah Investment Guidelines. The constituents of the Index are subject to periodic review by the Shariah Committee to ensure compliance of such securities with the Shariah Investment Guidelines. For further information on the treatment of the Fund's investments, please refer to the section below titled "**Additional Shariah Fund Information**".

The Fund may only use Shariah-compliant foreign exchange contracts (including spot and forward contracts). These FDIs may only be used for hedging purposes Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between a dividend ex date and the pay date.

To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to hedge currency exposure, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Fund may obtain Shariah-compliant finance in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions)

or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Additional Shariah Fund Information**

**Shariah Committee and Shariah Team**

HSBC Bank Middle East Limited and the Shariah Committee will provide advice on Shariah principles to the Management Company and the Investment Manager in relation to the Fund and an agreement is in place which governs the terms of these services.

The Shariah Committee comprises Islamic scholars with expertise in Islamic investment principles who will advise and guide the Investment Manager and the Management Company on the Fund's compliance with Shariah.

The Shariah Committee's main duties and responsibilities are to advise the Investment Manager and the Management Company on the Shariah principles that the Fund must comply with, to issue an opinion or guidelines to the Investment Manager as to whether the investments of the Fund comply with Shariah principles and to make recommendations or issue guidance to the Investment Manager as to how the Fund is managed in order to be Shariah compliant.

The Shariah Team will facilitate communication between the Shariah Committee and the Investment Manager and the Management Company; periodically assess and review the Fund's activities and investments to assess compliance with Shariah principles; and provide any reports or assistance to the Fund, the Investment Manager and the Management Company on an ad-hoc basis.

The Investment Manager and the Management Company will ensure that any provisions or references to investment methods or techniques in the Prospectus which would otherwise be available to the Fund in pursuing its investment policy are not availed of to the extent they are not Shariah compliant. The Shariah Committee will advise on alternative investments for the Fund which comply with the Fund's investment policy and are Shariah compliant.

The Shariah Team will review and screen the details of the Index constituents on a periodic basis and as requested to ensure compliance with the Shariah Investment Guidelines. Subject to the Fund's compliance with Shariah, as determined by the Shariah Committee, the Shariah Committee will issue an annual Shariah compliance certificate for the Fund.

The remuneration of HSBC Bank Middle East Limited and any reasonable and properly vouched out of pocket expenses will be paid by the Management Company out of the assets of the Sub-Fund in accordance with the section of this Supplement titled "**Fees and Expenses**". HSBC Bank Middle East Limited will remunerate the Shariah Committee for the services it provides in respect of the Fund. No separate fee will be payable out of the assets of the Fund to the Shariah Committee.

**Banking Arrangements**

Bank deposits shall be placed in Shariah-compliant accounts issued by licensed Islamic financial institutions or non-interest bearing accounts. The Fund is prohibited from investing in interest bearing deposits and recognising any interest income.

**Dividend Purification**

Some Shariah-compliant investments may yield small percentages of income inconsistent with Shariah principles that will then need to be "purified". Such amounts will be calculated by the Index Provider.

On an annual basis, following the approval of the Shariah Committee of the calculation of the non-permissible income for the previous financial year, the Company will donate any such non-permissible income to one or more charities selected by the Investment Manager and approved by the Shariah Committee. The allocation of non-permissible income or gains between charities, in the event of there being more than one charity, shall be at the Investment Manager's sole discretion. Any charity identified for purification purposes may be changed by the Investment Manager from time to time with the approval of the Shariah Committee (where necessary) and provided that any such replacement charity meets the requirements of the Central Bank. Any such change will be notified in advance to the Central Bank and the Shareholders.

The current charity selected in respect of the Fund is:

- Children In Need, registered with the Charities Commission for England and Wales having registration number 802052.

**Capital gains in respect of the Fund arising out of non-Shariah-compliant investments**

Where an investment is Shariah-compliant at the time of investment but subsequently ceases to be compliant with Shariah for any reason any capital gains arising from the reversal of the non-Shariah-compliant investments arising on or prior to the date on which the investment is classified by the Investment Manager, in consultation with the Shariah Committee, as non-Shariah compliant (the "Decision Date") may be retained by the Fund. However, any capital gains made on such investment after the Decision Date shall be paid to one or more charities for dividend purification purposes (selected by the Investment Manager from time to time and approved by the Shariah Committee). Valuations will be undertaken in accordance with the valuation policy of the Company as detailed in the Prospectus.

Further details on how the Investment Manager and Shariah Committee consider whether to continue holding or dispose of such investments are available to Shareholders upon request.

**Subscription Monies**

Cleared funds must be received by the Company in the appropriate Share Class currency, not later than by the settlement time detailed in the section titled "Subscriptions". If timely settlement is not made by the applicant the subscription may lapse and be cancelled at the cost of the applicant. If the applicant does not settle the subscription price in a timely manner, no Shares will be issued to the defaulting applicant.
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Investors are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the application form.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses Shariah-compliant FDI for hedging purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Shariah Fund**

Although the Fund intends to observe Shariah principles at all times, no such assurance can be given as, for example, a temporary breach of Shariah principles may occur when the Fund's investments do not fully comply with such criteria for reasons outside the control of the Fund and/ or the Investment Manager. The Fund and the Investment Manager will seek to ensure that they will do what is required in order to ensure that investments comply with the Shariah principles on or before the next rebalancing date. Further, the compliance of the Fund with Shariah principles shall be based strictly and solely upon the criteria set out in the investment policy of the Funds. Each investor and prospective investor must satisfy themselves that the Fund is compliant with Shariah.

The Fund may underperform relative to other funds with comparable investment objectives that do not seek to adhere to Shariah principles (for example, the inability to invest in interest bearing securities and/ or a range of other investments).

An investment made by the Fund may subsequently be determined, with limited or no prior notice, to not have been or, due to a change in circumstances to no longer be, Shariah-compliant in whole or in part. In such circumstances, the investment will likely continue to be held by the Fund until the next Index rebalancing date, though the Investment Manager, in conjunction with the Shariah Committee, may determine to take such other action as deemed appropriate to purify the Fund prior to the next Index rebalancing date, such as divesting the relevant security, should it be in the best interests of Shareholders. Neither the Shariah Committee nor the Investment Manager accepts responsibility in relation to any change in the status of an investment's Shariah compliance.

Cash balances held by the Fund from time to time may be deposited on terms which shall grant no return on the sum deposited or which shall grant a return on a Shariah-compliant basis.

**Shariah Certification**

There may be circumstances in which the Shariah Committee is unable to issue an annual Shariah certificate for the Fund, including the retirement, resignation or absence of members of the Shariah Committee or a temporary or longer-term inability by the Shariah Committee to provide the services it has been engaged to provide.

**Charitable Donations**

Neither the Company, the Investment Manager nor the Shariah Committee guarantee that non-permissible income paid to one or more charities will not be used by such charities for non-Shariah compliant activities or otherwise misused nor that such charities will not be declared bankrupt or otherwise cease to exist or change the purpose for which they were established.

**Emerging Markets**

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**", "**Custodial Risk**" and "**Particular Risks of Investment in Chinese Securities**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

The Shareholder should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

The Shareholder should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

**Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall

indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the

account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency or unhedged Share Classes | Up to 0.60% |
| Hedged Share Classes | Up to 0.63% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Shariah Committee, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

Investors should note that there is a tax which may be applied to all foreign investors investing in Brazil and is payable to the Brazilian tax authorities and so long as the tax remains in force, this tax will be passed on to investors in the Fund.

For the avoidance of doubt, no payments of fees, costs and expenses paid from the TER shall include interest and late payment charges.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of Shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Company.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

Shares will be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the Index and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index and which reflects Shariah investment principles and includes large- and mid-cap securities across 24 Emerging Markets (EM) countries, as determined by the Index Provider.

The methodology for the Parent Index follows Shariah investment principles and applies stringent screens to exclude securities based on two types of criteria: (i) companies that are directly active in, or derive more than 5% of their revenues from such business activities as alcohol, tobacco, pork-related products, conventional financial services, defense/weapons, gambling, or adult entertainment; and (ii) financial ratios derived from total assets, the purpose of which is to prohibit investment in companies which are highly leveraged or which derive significant income from interest.

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria to screen all securities (as defined by the Index Provider in the Index methodology):

- Controversial weapons;
- Nuclear weapons;
- Civilian firearms;
- Tobacco
- Thermal Coal power;
- Thermal Coal mining;
- Oil Sands extraction;
- Oil Sands Reserves Ownership; and
- All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index Provider and set out in the Index methodology and which may be amended from time to time.

**MSCI Universal methodology**

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

The use of the MSCI Universal Indexes Methodology in the construction of the Index is to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG

score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index Provider's website.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc. At construction and at each quarterly rebalancing of the Index, if the weight of the largest group entity in the Parent Index is greater than 33 per cent, its weight in the Index 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 in the Index 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 Index increases above 35 per cent, its weight in the Index will be capped at 33 per cent. On a daily basis, if the weight of any of the remaining group entities increases above 20 per cent, its weight in the Index will be capped at 18 per cent.

Any changes in the constituent companies of the Parent Index will also be reflected in the Index, subject to the caps described in this section.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its constituents, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI JAPAN UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI JAPAN UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI JAPAN UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in**

**no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian |

| | |
|---|---|
| | charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Japan Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in |

| | |
|---|---|
| | generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Japan 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 free float adjusted market-capitalisation index designed to measure large and mid cap Japanese equity market performance the securities of which are currently listed on Japanese exchanges. It is feasible, however, that additional stocks may be added to the Index in the future which are listed on other Recognised Markets.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com. The Fund may avail of the higher investment limits allowed to certain index-tracking funds, as described at paragraph 4 of the section of the Prospectus headed "**Investment Restrictions**".

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to

0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who can not afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.005 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager.

Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 14.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 14.00 (Irish time) for wire transfers (or no later than such time) as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 14.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in

the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) are shown in the table below (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.19% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of

subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5VX7566 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.
Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 24 March 2010.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Japan Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the net total return performance of the MSCI Japan Index.

The Index is a free float adjusted market capitalization index designed to measure large and mid cap Japanese equity market performance the securities of which are currently listed on Japanese exchanges. It is feasible, however, that additional stocks may be added to the Index in the future which are listed on other Recognised Markets.

The Index is a member of the MSCI International Equity Index Series and represents the Japanese

equity portion of the global benchmark MSCI All Country World Index ("**MSCI ACWI**").

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs **PLC** (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI JAPAN CLIMATE PARIS ALIGNED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and**

**fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders.<br><br>A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

| | |
|---|---|
| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Japan Climate Paris Aligned Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Paris Agreement** | A legally binding international treaty on climate changes, adopted in Paris on 12 December 2015 and entered into force on 4 November 2016. The goal of the Paris Agreement is to limit global warming to below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by 2050. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |

| | |
|---|---|
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Japan Climate Paris Aligned Index (the "**Index**"), which has a focus on sustainable investment considerations aligned with the Paris Agreement and excludes companies involved in certain business activities, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

The MSCI Japan Climate Paris Aligned Index is an index constructed from the MSCI Japan Index and includes large and mid-cap securities of the Japanese equity markets. The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower carbon economy while aligning with the Paris Agreement requirements. The Index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. Further detail is provided under the "Index Description" section of the Supplement.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the "Index Description"). Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the

Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use financial derivative instruments ("**FDI**"), including futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps, however such investments are not generally expected to exceed 5% of the Fund's net assets. The Fund may invest up to 5% of its net assets in contracts for difference.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provisions for Duties and Changes and in accordance with the provisions set out in the Prospectus and the Supplement

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted

by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE000UU299V4 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares is to be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on or around 10 November 2021.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets

Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Japan Climate Paris Aligned Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the MSCI Japan Index ("Parent Index"), and includes large and mid-cap securities of the Japanese equity markets, as determined by the Index Provider.

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index Provider in the Index methodology) to:

- controversial weapons;
- ESG controversies;
- tobacco;
- environmental harm;
- thermal coal mining;
- oil and gas;
- power generation;
- civilian firearms; and
- nuclear weapons.

Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

- exceed the minimum technical requirements laid out in the draft EU Delegate Act[14];
- align with the recommendations of the TCFD[15];
- align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk[16] and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
- reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
- shift index weight from "brown" to "green" using the MSCI Low Carbon transition score[17] and by excluding categories of fossil-fuel-linked companies;

14 On July 17, 2020, the European Commission has published the draft delegated acts ("draft DAs") (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12020-Minimum-standards-for-benchmarks-labelled-as-EU-Climate-Transition-and-EU-Paris-aligned-Benchmarks) which contain the minimum technical requirements for the PABs. As of the publication of this methodology (October 26, 2020), the Indexes are based on the draft DAs. Once the final delegated acts and requirements for the PABs are published in the official journal, the Index methodology will be reviewed and updated (if required) with changes to the minimum standards. In case an update to the Index methodology is required, MSCI will issue an announcement prior to implementing the changes in the methodology. MSCI will not conduct a formal consultation for the update.

15 https://www.fsb-tcfd.org/publications/final-recommendations-report/

16 For further information on MSCI Climate Value-at-Risk, please see: https://www.msci.com/climate-data-and-metrics

17 For further information on the MSCI Low Carbon transition score and other MSCI Climate Change Metrics, please see: https://www.msci.com/climate-change-solutions

- increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
- reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
- increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
- achieve a modest tracking error compared to the Parent Index and low turnover.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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# HSBC EURO STOXX 50 UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC EURO STOXX 50 UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC EURO STOXX 50 UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The EURO STOXX 50® is the intellectual property (including registered trademarks) of Stoxx Limited, Zurich, Switzerland, Deutsche Boerse AG and SIX Group AG (the "Licensors"), which is used under license. The securities and/or financial instruments based on the Index are in no way sponsored, endorsed, sold or promoted by the Licensors and neither of the Licensors shall have any liability with respect thereto.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | Euro. |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of |

| | |
|---|---|
| | redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation |
| **Index** | EURO STOXX 50® Index. |
| **Index Provider** | STOXX Limited, a joint venture between Deutsche Boerse Group and SIX Swiss Exchange. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Plan d'Epargne en Actions (PEA) Eligibility** | The French "Plan d'Epargne en Actions" is a savings instrument that offers tax incentives for persons resident in France with long-term investments in French and European equities. In order for the Fund to claim eligibility to the French "Plan d'Epargne en Actions", as long as it is registered with the Autorité des Marchés Financiers in France, the total amount investment in Equity or Equity equivalent securities (as defined by art. L- 221-31 of the French Monetary and Financial Code, § I-1°, a, b and c) which has its registered office in a country member of<br><br>the EU; or<br>the European Economic Area ;<br><br>will be not less than 75% at any point in time.<br><br>The annual and semi-annual reports of the Company will report the actual percentage invested in the above mentioned securities for the Fund. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five-year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses. |

| | |
|---|---|
| | Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the EURO STOXX 50® 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 50 largest publicly listed companies in the European Monetary Union.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

All of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management of its assets. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its use FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a

portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who can not afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

*FDI*

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors - Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

*The Index*

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.005 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The EUR Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 14.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund

Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "Fees and Expenses" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.05% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| EUR | A Class denominated in the Base Currency | Distributing | IE00B4K6B022 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The EUR Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 6 October 2009.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the EURO STOXX 50® Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the EURO STOXX 50® Index.

The Index is an equity index calculated, maintained and published on a real-time basis by STOXX Limited and is denominated in Euro. The Index is composed by the 50 largest companies in terms of capitalisation in the EURO zone market.

The stocks comprising the Index are weighted according to their market capitalisation based on their free float with a 10 per cent. cap factor of each component of the Index.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the

published rules governing the management of the Index as set out by the Index Sponsor.

The performance tracked is that of Index closing prices.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The Index is also calculated in real time on each trading day. The closing price of the Index, its components, its rebalancing frequency and its performance is available on the STOXX Limited internet website: www.stoxx.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EUROPE ISLAMIC SCREENED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EUROPE ISLAMIC SCREENED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EUROPE ISLAMIC SCREENED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | Euro ("**EUR**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of |

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| | redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any Shariah-compliant swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Europe Islamic Universal Screened Select Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |

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| **Shariah** | the Islamic investment principles (i.e. Divine Islamic 'law' as revealed in (i) the Qur'an, which is the holy book of Islam, (ii) the sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) ijma, or 'consensus' of the community of Islamic scholars, and (iv) the qiyas, or analogical deductions and reasoning of the Islamic scholars. |
| **Shariah Committee** | the HSBC Global Asset Management Shariah Committee which comprises experienced Islamic scholars and any person appointed to sit on the committee from time to time to advise and guide the Management Company and the Investment Manager on the Fund's compliance with Shariah. For the avoidance of doubt, the Shariah Committee shall not exercise any investment discretion over the management of the Fund and shall act in an advisory capacity only. |
| **Shariah Team** | the staff within HSBC Bank Middle East who manage Shariah aspects of the Fund and who liaise with the Shariah Committee. For the avoidance of doubt, the Shariah Team is not involved in the discretionary investment management of the Fund and acts in an advisory capacity only. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Europe Islamic Universal Screened Select Index (the "**Index**"), which provides investors the opportunity to gain exposure to large- and mid-cap companies across 15 Developed Markets[18] countries that comply with Shariah investment principles while integrating environmental, social and governance ("ESG") metrics, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI Europe Islamic Index (the "**Parent Index**"). The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI Universal Indexes methodology.. Further detail is provided under the section titled "Index Description" section of the Supplement.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may also invest in assets which are not Index constituents for the purpose of assisting in tracking the Index, namely American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer. These assets must be in line with Shariah Investment Guidelines provided by the Shariah Committee and advised to the Investment Manager. The Shariah Investment Guidelines used by the Shariah Committee are the international standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) (specifically AAOIFI Financial Accounting Standard No. 14 Investment Funds which can be found at: www.aaoifi.com/e-standards/?lang=en) in addition to the independent views of the Shariah Committee.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index

[18] Developed Markets countries in Europe in the Index are: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

In addition to compliance with the UCITS Regulations and the applicable Central Bank requirements, investments in securities which are not constituents of the Index shall only be made if they are in accordance with the Shariah Investment Guidelines. The constituents of the Index are subject to periodic review by the Shariah Committee to ensure compliance of such securities with the Shariah Investment Guidelines. For further information on the treatment of the Fund's investments, please refer to the section below titled "**Additional Shariah Fund Information**".

The Fund may only use Shariah-compliant foreign exchange contracts (including spot and forward contracts). These FDIs may only be used for hedging purposes. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between a dividend ex date and the pay date.

To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to hedge currency exposure, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Fund may obtain Shariah-compliant finance in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Additional Shariah Fund Information**

**Shariah Committee and Shariah Team**

HSBC Bank Middle East Limited and the Shariah Committee will provide advice on Shariah principles to the Management Company and the Investment Manager in relation to the Fund and an agreement is in place which governs the terms of these services.

The Shariah Committee comprises Islamic scholars with expertise in Islamic investment principles who will advise and guide the Investment Manager and the Management Company on the Fund's compliance with Shariah.

The Shariah Committee's main duties and responsibilities are to advise the Investment Manager and the Management Company on the Shariah principles that the Fund must comply with, to issue an opinion or guidelines to the Investment Manager as to whether the investments of the Fund comply with Shariah principles and to make recommendations or issue guidance to the Investment Manager as to how the Fund is managed in order to be Shariah compliant.

The Shariah Team will facilitate communication between the Shariah Committee and the Investment Manager and the Management Company; periodically assess and review the Fund's activities and investments to assess compliance with Shariah principles; and provide any reports or assistance to the Fund, the Investment Manager and the Management Company on an ad-hoc basis.

The Investment Manager and the Management Company will ensure that any provisions or references to investment methods or techniques in the Prospectus which would otherwise be available to the Fund in pursuing its investment policy are not availed of to the extent they are not Shariah compliant. The Shariah Committee will advise on alternative investments for the Fund which comply with the Fund's investment policy and are Shariah compliant.

The Shariah Team will review and screen the details of the Index constituents on a periodic basis and as requested to ensure compliance with the Shariah Investment Guidelines. Subject to the Fund's compliance with Shariah, as determined by the Shariah Committee, the Shariah Committee will issue an annual Shariah compliance certificate for the Fund.

The remuneration of HSBC Bank Middle East Limited and any reasonable and properly vouched out of pocket expenses will be paid by the Management Company out of the assets of the Sub-Fund in accordance with the section of this Supplement titled "**Fees and Expenses**". HSBC Bank Middle East Limited will remunerate the Shariah Committee for the services it provides in respect of the Fund. No separate fee will be payable out of the assets of the Fund to the Shariah Committee.

**Banking Arrangements**

Bank deposits shall be placed in Shariah-compliant accounts issued by licensed Islamic financial institutions or non-interest bearing accounts. The Fund is prohibited from investing in interest bearing deposits and recognising any interest income.

**Dividend Purification**

Some Shariah-compliant investments may yield small percentages of income inconsistent with Shariah principles that will then need to be "purified". Such amounts will be calculated by the Index Provider.

On an annual basis, following the approval of the Shariah Committee of the calculation of the non-permissible income for the previous financial year, the Company will donate any such non-permissible income to one or more charities selected by the Investment Manager and approved by the Shariah Committee. The allocation of non-permissible income or gains between charities, in the event of there being more than one charity, shall be at the Investment Manager's sole discretion. Any charity identified for purification purposes may be changed by the Investment Manager from time to time with the approval of the Shariah Committee (where necessary) and provided that any such replacement charity meets the requirements of the Central Bank. Any such change will be notified in advance to the Central Bank and the Shareholders.

The current charity selected in respect of the Fund is:

- Children In Need, registered with the Charities Commission for England and Wales having registration number 802052.

**Capital gains in respect of the Fund arising out of non-Shariah-compliant investments**

Where an investment is Shariah-compliant at the time of investment but subsequently ceases to be compliant with Shariah for any reason any capital gains arising from the reversal of the non-Shariah-compliant investments arising on or prior to the date on which the investment is classified by the Investment Manager, in consultation with the Shariah Committee, as non-Shariah compliant (the "Decision Date") may be retained by the Fund. However, any capital gains made on such investment after the Decision Date shall be paid to one or more charities for dividend purification purposes (selected by the Investment Manager from time to time and approved by the Shariah Committee). Valuations will be undertaken in accordance with the valuation policy of the Company as detailed in the Prospectus.

Further details on how the Investment Manager and Shariah Committee consider whether to continue holding or dispose of such investments are available to Shareholders upon request.

**Subscription Monies**

Cleared funds must be received by the Company in the appropriate Share Class currency, not later than by the settlement time detailed in the section titled "Subscriptions". If timely settlement is not made by the applicant the subscription may lapse and be cancelled at the cost of the applicant. If the applicant does not settle the subscription price in a timely manner, no Shares will be issued to the defaulting applicant.
2.
Investors are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the application form.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses Shariah-compliant FDI for hedging purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Shariah Fund**

Although the Fund intends to observe Shariah principles at all times, no such assurance can be given as, for example, a temporary breach of Shariah principles may occur when the Fund's investments do not fully comply with such criteria for reasons outside the control of the Fund and/ or the Investment Manager. The Fund and the Investment Manager will seek to ensure that they will do what is required in order to ensure that investments comply with the Shariah principles on or before the next rebalancing date. Further, the compliance of the Fund with Shariah principles shall be based strictly and solely upon the criteria set out in the investment policy of the Funds. Each investor and prospective investor must satisfy themselves that the Fund is compliant with Shariah.

The Fund may underperform relative to other funds with comparable investment objectives that do not seek to adhere to Shariah principles (for example, the inability to invest in interest bearing securities and/ or a range of other investments).

An investment made by the Fund may subsequently be determined, with limited or no prior notice, to not have been or, due to a change in circumstances to no longer be, Shariah-compliant in whole or in part. In such circumstances, the investment will likely continue to be held by the Fund until the next Index rebalancing date, though the Investment Manager, in conjunction with the Shariah Committee, may determine to take such other action as deemed appropriate to purify the Fund prior to the next Index rebalancing date, such as divesting the relevant security, should it be in the best interests of Shareholders. Neither the Shariah Committee nor the Investment Manager accepts responsibility in relation to any change in the status of an investment's Shariah compliance.

Cash balances held by the Fund from time to time may be deposited on terms which shall grant no return on the sum deposited or which shall grant a return on a Shariah-compliant basis.

**Shariah Certification**

There may be circumstances in which the Shariah Committee is unable to issue an annual Shariah certificate for the Fund, including the retirement, resignation or absence of members of the Shariah Committee or a temporary or longer-term inability by the Shariah Committee to provide the services it has been engaged to provide.

**Charitable Donations**

Neither the Company, the Investment Manager nor the Shariah Committee guarantee that non-permissible income paid to one or more charities will not be used by such charities for non-Shariah compliant activities or otherwise misused nor that such charities will not be declared bankrupt or otherwise cease to exist or change the purpose for which they were established.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 14.00 (Irish time) on any Dealing Day |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be

moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the

account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency or unhedged Share Classes | Up to 0.50% |
| Hedged Share Classes | Up to 0.53% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Shariah Committee, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

For the avoidance of doubt, no payments of fees, costs and expenses paid from the TER shall include interest and late payment charges.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of Shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Company.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| EUR | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

Shares will be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the Index and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index and which reflects Shariah investment principles and includes large and mid-cap securities across 15 Developed Markets (DM) countries, as determined by the Index Provider.

The methodology for the Parent Index follows Shariah investment principles and applies stringent screens to exclude securities based on two types of criteria: (i) companies that are directly active in, or derive more than 5% of their revenues from, such business activities as alcohol, tobacco, pork-related products, conventional financial services, defense/weapons, gambling or adult entertainment; and (ii) financial ratios derived from total assets, the purpose of which is to prohibit investment in companies which are highly leverage or which derive significant income from interest.

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria to screen all securities (as defined by the Index Provider in the Index methodology):

- Controversial weapons;
- Nuclear weapons;
- Civilian firearms;
- Tobacco
- Thermal Coal power;
- Thermal Coal mining;
- Oil Sands extraction
- Oil Sands Reserves Ownership; and
- All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index Provider and set out in the Index Methodology and which may be amended from time to time.

**MSCI Universal methodology**

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes Methodology to achieve its ESG objective.

The use of the MSCI Universal Indexes Methodology in the construction of the Index is to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index Provider's website.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its constituents, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EUROPE UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EUROPE UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EUROPE UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and**

**fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | Euro ("**EUR**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of |

| | |
|---|---|
| | subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Europe Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but |

| | |
|---|---|
| | not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Europe 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 companies in developed Europe, as defined by the Index Provider.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including, (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be

leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing TransactionsRegulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.056 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager.

Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The EUR Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 14.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the

Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less, an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER fee shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.10% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| EUR | A Class denominated in the Base Currency | Distributing | IE00B5BD5K76 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The EUR Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 2 June 2010.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Europe Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI Europe Index.

The MSCI Europe Index offers a representation of the major European equity markets (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom) by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EUROPE CLIMATE PARIS ALIGNED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EUROPE CLIMATE PARIS ALIGNED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EUROPE CLIMATE PARIS ALIGNED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | Euro ("**EUR**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the |

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|---|---|
| | avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Europe Climate Paris Aligned Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Minimum Subscription and Redemption (for cash) for a primary market investor** | Subscription and redemption orders are accepted in multiples of the minimum Creation and Redemption Unit Size as may be determined by the Directors, provided that this may be waived by the Directors at their absolute discretion.<br><br>The Directors may reduce the minimum subscription and redemption amount if it is determined that such a change would materially enhance the attractiveness of the Fund to investors. Any such change will be notified in advance to the Authorised Participant(s).<br><br>Authorised Participant(s) should refer to the HSBCnet ETF Online Portal or contact the Investment Manager for details of minimum subscription and redemption orders for the Fund. |
| **Paris Agreement** | A legally binding international treaty on climate changes, adopted in Paris on 12 December 2015 and entered into force on 4 November 2016. The goal of the Paris Agreement is to limit global warming to below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by 2050. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses. |

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|---|---|
| | Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Europe Climate Paris Aligned Index (the "**Index**"), which has a focus on sustainable investment considerations aligned with the Paris Agreement and excludes companies involved in certain business activities, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

The Index is based on the MSCI Europe Index, its parent index, and includes large and mid-cap securities across 15 Developed Markets in Europe. The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The Index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. Further detail is provided under the "Index Description" section of the Supplement.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in section titled " Index Description"). Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including, (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities

in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs

and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.15% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 14.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted

by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less, an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.15% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| EUR | A Class denominated in the Base Currency | Accumulating | IE00BP2C0316 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The EUR Class of Shares is to be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on or around June 2021.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Europe Climate Paris Aligned Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index. The Index is an equity index based on the MSCI Europe Index ("Parent Index"), which is representative of the large and mid-cap securities across 15 Developed Markets countries in Europe (as of March 2021).

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index Provider in the Index methodology) to:

- controversial weapons;
- ESG controversies;
- tobacco;
- environmental harm;
- thermal coal mining;
- oil and gas;
- power generation;
- civilian firearms; and
- nuclear weapons.

Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

- exceed the minimum technical requirements laid out in the draft EU Delegate Act[19];
- align with the recommendations of the TCFD[20];
- align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk[21] and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
- reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
- shift index weight from "brown" to "green" using the MSCI Low Carbon transition score[22] and by excluding categories of fossil-fuel-linked companies;
- increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;

19 On July 17, 2020, the European Commission has published the draft delegated acts ("draft DAs") (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12020-Minimum-standards-for-benchmarks-labelled-as-EU-Climate-Transition-and-EU-Paris-aligned-Benchmarks) which contain the minimum technical requirements for the PABs. As of the publication of this methodology (October 26, 2020), the Indexes are based on the draft DAs. Once the final delegated acts and requirements for the PABs are published in the official journal, the Index methodology will be reviewed and updated (if required) with changes to the minimum standards. In case an update to the Index methodology is required, MSCI will issue an announcement prior to implementing the changes in the methodology. MSCI will not conduct a formal consultation for the update.
20 https://www.fsb-tcfd.org/publications/final-recommendations-report/
21 For further information on MSCI Climate Value-at-Risk, please see: https://www.msci.com/climate-data-and-metrics
22 For further information on the MSCI Low Carbon transition score and other MSCI Climate Change Metrics, please see: https://www.msci.com/climate-change-solutions

- reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
- increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
- achieve a modest tracking error compared to the Parent Index and low turnover.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC S&P 500 UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC S&P 500 UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC S&P 500 UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**This Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P"). S&P makes no representation, condition or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the S&P 500 Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's only relationship to HSBC ETFs PLC is the licensing of certain trademarks and trade names and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to HSBC ETFs PLC or the Fund. S&P has no obligation to take the needs of HSBC ETFs PLC or the owners of the Fund into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the prices and amount of the Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund shares are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing, or trading of the Fund. S&P does not guarantee the accuracy and/or the completeness of the S&P 500 Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no express or implied warranties, representations or conditions, and expressly disclaims all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P 500 Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P 500 Index or any data included therein, even if notified of the possibility of such damages.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**"). |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of |

| | |
|---|---|
| | redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | S&P 500® Index |
| **Index Provider** | Standard & Poor's |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |

| | |
|---|---|
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the S&P 500® 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 free float adjusted market-capitalisation index designed to measure large cap US equity market performance.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments ((including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) or financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable

securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.005 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter,Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day for Base Currency and unhedged Share Classes; 14.30 (Irish time) for hedged Share Classes. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within one Business Day after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within one Business Day after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have

been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less, an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. Such fee shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| **Class** | **TER per annum of the Net Asset Value of the Class** |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.09% |
| Hedged Share Classes | Up to 0.12% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5KQNG97 |
| CHF Hedged | A CHF hedged Class | Accumulating | IE000WMIYI33 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "**Currency Transactions**" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 17 May 2010.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the S&P 500® Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the net total return performance of the S&P 500® Index.

The Index is an equity index calculated, maintained and published on a real-time basis by Standard & Poor's and is denominated in US Dollars. The Index is composed of the 500 largest and most liquid US stocks. The Index is designed to provide investors the return of the US large cap equity market.

The stocks comprising the Index are weighted according to their free float market capitalization.

Changes to the index are made on a quarterly basis. Ad-hoc changes in response to corporate actions and market developments can however be made at any time. Constituent changes are typically announced one to five days before they are scheduled to be implemented. Announcements are available to the public via the website, www.indices.standardandpoors.com, before or at the same time they are available to clients or the affected companies.

The performance tracked is that of Index closing prices.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. The closing price of the Index is widely available throughout the financial press. Further information about the Index, its components, its rebalancing frequency and its performance can be found on the Standard and Poor's internet website: www.standardandpoors.com.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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# HSBC MSCI USA QUALITY UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 May 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI USA QUALITY UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI USA QUALITY UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

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## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 16:00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders and in any event prior to the Valuation Point) On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of |

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| | subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI USA Sector Neutral Quality Index |
| **Index Provider** | MSCI Inc |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but |

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| | not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Sector Neutral Quality Index (the "**Index**"), which provides investors the opportunity to gain specific exposure to equity securities which exhibit quality characteristics such as high return on equity, stable year-over-year earnings growth and low financial leverage (the "**Quality Factor**") as determined by the Index Provider and further detailed below in the section entitled "Index Description".

The Index is constructed from the MSCI USA Index (the "**Parent Index**") and includes large and mid-cap companies, as determined by the Index Provider. The Index is designed to represent the performance of a quality growth strategy. Further detail is provided under the section titled "Index Description" below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use the following FDIs: futures, forwards, foreign exchange contracts (including spot and forward contracts), equity optionsand total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the

direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, as the HSBC Global Asset Management Banned Weapons Policy and ammunition (as detailed in the Prospectus section: Investment Restrictions- Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will

be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly. As the Fund is passively managed, the Investment Manager cannot integrate sustainability risks into the investment process as it does not exercise investment discretion. As sustainability risks are not integrated into the investment process, the impact of such risks on the returns of the Fund are not assessed. For further information, please refer to "**Integration of Sustainability Risks**" in the Prospectus.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 3 June 2025 to 3 December 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16:00 (Irish time) on any Dealing Day for Base Currency and unhedged Share Classes; 14.30 (Irish time) for hedged Share Classes. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within one Business Day after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within one Business Day after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall

indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and

expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.15 % |
| Hedged Share Classes | Up to 0.16% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |
| USD | A Class denominated in the Base Currency | Distributing | |
| CHF Hedged | A CHF Hedged Class | Distributing | |
| EUR Hedged | A EUR Hedged Class | Distributing | |
| GBP Hedged | A GBP Hedged Class | Distributing | |
| USD Hedged | A USD Hedged Class | Distributing | |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May ,July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery

of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI USA Sector Neutral Quality Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index, which offers a representation of Large and Mid-Cap stocks in the US equity markets, as determined by the Index Provider.

The Index aims to provide exposure to securities that exhibit strong quality characteristics, relative to their peers within the same GICS sector by identifying stocks with high quality scores based on three main fundamental variables: high Return-on-Equity (ROE), low leverage and low earnings variability (as defined by the Index Provider in the Index methodology and which may be amended from time to time).Each security's weight is determined by its market cap weight in the Parent index and its quality score, however, weights are then re-adjusted to implement sector neutrality i.e., at each rebalance, the weight of each sector in the MSCI USA Sector Neutral Quality Index is equated with the weight of that sector in the Parent index.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI USA CLIMATE PARIS ALIGNED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI USA CLIMATE PARIS ALIGNED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI USA CLIMATE PARIS ALIGNED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**
**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point) for Base Currency and unhedged Share Classes and 14.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to the Shareholder in the Fund and in any event prior to the Valuation Point) for hedged Share Classes. On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was |

| | |
|---|---|
| | valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI USA Climate Paris Aligned Index |
| **Index Provider** | MSCI Inc |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Paris Agreement** | A legally binding international treaty on climate changes, adopted in Paris on 12 December 2015 and entered into force on 4 November 2016. The goal of the Paris Agreement is to limit global warming to below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by 2050. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. |

| | |
|---|---|
| | However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI USA Climate Paris Aligned Index (the "**Index**"), which has a focus on sustainable investment considerations aligned with the Paris Agreement and excludes companies involved in certain business activities, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

The Index is based on the MSCI USA Index, its parent index, and includes large and mid-cap securities of the U.S. equity markets. The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. Further detail is provided under the "Index Description" section of the Supplement.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled **"Index Description"** below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (i) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (ii) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (iii) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities

in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs

and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.15% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day for Base Currency and unhedged Share Classes; 14.30 (Irish time) for hedged Share Classes. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within one Business Day after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within one Business Day afterthe Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind

subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less, an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund)

are shown in the table below (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.12% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BP2C1S34 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The EUR Class of Shares is to be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on or around June 2021.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI USA Climate Paris Aligned Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the MSCI USA Index ("Parent Index"), a free float adjusted market capitalization index designed to measure large and mid cap US equity market performance.

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index Provider in the Index methodology) to:

- controversial weapons;
- ESG controversies;
- tobacco;
- environmental harm;
- thermal coal mining;
- oil and gas;
- power generation;
- civilian firearms; and
- nuclear weapons.

Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

- exceed the minimum technical requirements laid out in the draft EU Delegate Act[23];
- align with the recommendations of the TCFD[24];
- align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk[25] and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
- reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
- shift index weight from "brown" to "green" using the MSCI Low Carbon transition score[26] and by excluding categories of fossil-fuel-linked companies;
- increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;

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23 On July 17, 2020, the European Commission has published the draft delegated acts ("draft DAs") (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12020-Minimum-standards-for-benchmarks-labelled-as-EU-Climate-Transition-and-EU-Paris-aligned-Benchmarks) which contain the minimum technical requirements for the PABs. As of the publication of this methodology (October 26, 2020), the Indexes are based on the draft DAs. Once the final delegated acts and requirements for the PABs are published in the official journal, the Index methodology will be reviewed and updated (if required) with changes to the minimum standards. In case an update to the Index methodology is required, MSCI will issue an announcement prior to implementing the changes in the methodology. MSCI will not conduct a formal consultation for the update.

24 https://www.fsb-tcfd.org/publications/final-recommendations-report/

25 For further information on MSCI Climate Value-at-Risk, please see: https://www.msci.com/climate-data-and-metrics

26 For further information on the MSCI Low Carbon transition score and other MSCI Climate Change Metrics, please see: https://www.msci.com/climate-change-solutions

- reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
- increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
- achieve a modest tracking error compared to the Parent Index and low turnover.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider and information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI PACIFIC ex JAPAN UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland in Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI PACIFIC ex JAPAN UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI PACIFIC ex JAPAN UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

| | |
|---|---|
| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Pacific ex Japan Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| Profile of a Typical Investor | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or |

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| | practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Pacific ex Japan 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 companies from Pacific region developed countries, excluding Japan, as determined by the Index Provider.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions - Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable

securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

The Fund is passively managed. Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securtites Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.002 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit for an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing

Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.150% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5SG8Z57 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. No individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 7 September 2010.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Pacific ex Japan Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI Pacific ex Japan Index.

The Index offers a representation of developed country equity markets in the Pacific region (excluding Japan), as determined by the Index Provider, by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI WORLD UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI WORLD UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI WORLD UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages**

**(including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("USD") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

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| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI World Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Optimisation** | The Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio. Consequently the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights.<br><br>Furthermore, the Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to certain Index constituents. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses. |

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| | Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI World 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 large and mid cap companies of the world's developed equity markets, as determined by the Index Provider.

In seeking to achieve its investment objective, the Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio. Consequently, the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights. Furthermore, the Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to certain Index constituents. Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The Fund may also invest in Eligible Collective Investment Schemes, including other Funds of the Company or schemes managed by the Investment Manager or its affiliates. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes for investment and/or cash management purposes.

The Fund may also hold cash and cash equivalents including money market funds which are Eligible Collective Investment Schemes, for cash management purposes.
The indicative net asset value per share for the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use financial derivative instruments ("**FDI**"), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve

exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully

and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Optimisation**
No assurance can be given that the strategy of Optimisation will achieve its objective of replicating the performance of the Index as the Fund may not hold each of the underlying Index constituents or hold Index constituents close their Index weights. As a result of employing the strategy of Optimisation the Fund could be exposed to losses disproportionate to market declines in the Index, if there are disproportionately greater adverse price movements in the specific securities held by the Fund. Whilst Optimisation may therefore result in higher tracking error, the Fund is likely to incur lower costs due to the lower number of securities held.

## SUBSCRIPTIONS

During the Initial Offer Period, Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.003 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares** | Within two Business Days after the Dealing Day or such other |

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| **subscribed for** | day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions, (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted

from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "Fees and Expenses" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| **Class** | **TER per annum of the Net Asset Value of the Class** |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.15% |
| Hedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B4X9L533 |
| CHF Hedged | A CHF Hedged Class | Accumulating | IE000WMRNBB0 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 10 December 2010.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI World Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI World Index.

The Index offers a representation of the world's developed equity markets , as determined by the Index Provider by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI WORLD CLIMATE PARIS ALIGNED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI WORLD CLIMATE PARIS ALIGNED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI WORLD CLIMATE PARIS ALIGNED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**
**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets |

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|---|---|
| | of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI World Climate Paris Aligned Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Paris Agreement** | A legally binding international treaty on climate changes, adopted in Paris on 12 December 2015 and entered into force on 4 November 2016. The goal of the Paris Agreement is to limit global warming to below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by 2050. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio** | By 08.00 (Irish time) on each Business Day. |

| | |
|---|---|
| **Composition File** | |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI World Climate Paris Aligned Index (the "**Index**"), which has a focus on sustainable investment considerations aligned with the Paris Agreement and excludes companies involved in certain business activities, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

The Index is based on the MSCI World Index, its parent index, and includes large and midcap securities across 23 Developed Markets countries. The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. Further detail is provided under the "Index Description" section of the Supplement.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**The Index**") and has been categorised as an Article 8 fund for the purpose of the SFDR.
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description"). Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "**Index Description"** below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including, (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index

as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the

Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days after the Dealing Day, or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions, (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be

moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and

expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.18% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BP2C1V62 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of is to be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on or around June 2021.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI World Climate Paris Aligned Index (the "**Index**") and is not a complete description of the Index.*

**General**
The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the MSCI World Index ("Parent Index"), which offers a representation of the world's developed equity markets, as determined by the Index Provider.

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index Provider in the Index methodology) to:

- controversial weapons;
- ESG controversies;
- tobacco;
- environmental harm;
- thermal coal mining;
- oil and gas;
- power generation;
- civilian firearms; and
- nuclear weapons.

Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

- exceed the minimum technical requirements laid out in the draft EU Delegate Act[27];
- align with the recommendations of the TCFD[28];
- align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk[29] and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
- reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
- shift index weight from "brown" to "green" using the MSCI Low Carbon transition score[30] and by excluding categories of fossil-fuel-linked companies;
- increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;

[27] On July 17, 2020, the European Commission has published the draft delegated acts ("draft DAs") (https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12020-Minimum-standards-for-benchmarks-labelled-as-EU-Climate-Transition-and-EU-Paris-aligned-Benchmarks) which contain the minimum technical requirements for the PABs. As of the publication of this methodology (October 26, 2020), the Indexes are based on the draft DAs. Once the final delegated acts and requirements for the PABs are published in the official journal, the Index methodology will be reviewed and updated (if required) with changes to the minimum standards. In case an update to the Index methodology is required, MSCI will issue an announcement prior to implementing the changes in the methodology. MSCI will not conduct a formal consultation for the update.

[28] https://www.fsb-tcfd.org/publications/final-recommendations-report/

[29] For further information on MSCI Climate Value-at-Risk, please see: https://www.msci.com/climate-data-and-metrics

[30] For further information on the MSCI Low Carbon transition score and other MSCI Climate Change Metrics, please see: https://www.msci.com/climate-change-solutions

- reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
- increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
- achieve a modest tracking error compared to the Parent Index and low turnover.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI CHINA UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI CHINA UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI CHINA UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

| | |
|---|---|
| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI China Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br>However, there may be circumstances when it is not possible or |

| | |
|---|---|
| | practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI China 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 Chinese companies. Chinese equity markets are considered to be emerging markets and, accordingly, are subject to the risks described in the "**Investment Risks**" section below. The Fund may invest in China A Shares: (a) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (subject to applicable quota limitations); or (b) indirectly through CAAP; or (c) through Eligible Collective Investment Schemes.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes.

The Fund may invest in other Funds of the Company or schemes managed by the Investment Manager or its affiliates. The Fund may not invest more than 10% of its Net Asset Value in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The Fund may also invest in American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).
The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as

detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Securities Financing Transactions, Total Return Swaps and Contracts for Difference**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the

Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**", "**Custodial Risk**" and "**Particular Risks of Investment in Chinese Securities"** sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.014 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered

due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.30% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B44T3H88 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. No individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 28 January 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI China Index (the "**Index**") and is not a*

*complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI China Index.

The Index offers a representation of the Chinese equity by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI CHINA A UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI CHINA A UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI CHINA A UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors**.

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties**

**makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London and Hong Kong are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage |

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| | fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI China A Inclusion Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "Investment Objective and Policies" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in |

| | |
|---|---|
| | generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI China A Inclusion 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 designed to track the China A Shares which are included in the MSCI Emerging Markets Index. It is designed for global investors accessing the China A Shares market via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (the ''Stock Connects'') and is calculated using China A share listings based on the offshore RMB exchange rate (CNH).

Chinese equity markets are considered to be emerging markets and, accordingly, are subject to the risks described in the "**Investment Risks**" section below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

The Stock Connects are subject to a daily quota measuring total purchases and sales of securities via the Stock Connects. The daily quota applies to all market participants and is not particular to the Fund or the Investment Manager. Therefore, the Investment Manager will not be able to control the use or availability of the quota. If the Investment Manager is unable to purchase additional securities via Stock Connects, it may affect the Investment Manager's ability to implement the Fund's investment strategy.

There may also be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American depositary receipts, European depositary receipts, and Global depositary receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of an issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund, including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index; and/or (ii) hold the investible Index constituents in different proportions to the Index; and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents; and/or (iv) hold cash or cash equivalents. These cash equivalents and other high quality debt securities may include money market instruments, such as investment grade government-issued securities, bankers' acceptances, commercial paper, bank certificates of deposit and money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The Fund may invest in American depositary receipts, European depositary receipts, and Global depositary receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of an issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

When the weighting of a particular stock in the Index exceeds the permitted level of investment as set out in the "Investment Restrictions" section of the Prospectus the Fund may be restricted from investing in that stock to the full concentration level of the Index but the Fund may make other investments in order to gain exposure to that stock. The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***China A Shares Risk***

The Fund is to invest in China A Shares via the Stock Connects. For information in relation to the risks associated with investment in Chinese securities please refer to the "**Risk Factors – Particular Risks of Investment in Chinese Securities**".

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "Political and/or Regulatory Risks", "Custodial Risk" and "Particular Risks of Investment in Chinese Securities" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the

price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.009 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determineand the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) are shown in the table below (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.30% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00BF4NQ904 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD

settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 27 July 2018.
The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI China A Inclusion Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the net total return performance of the MSCI China A Inclusion Index.

The Index is designed to track the China A Shares which are included in the MSCI Emerging Markets Index. It is designed for global investors accessing the China A Shares market using the Stock Connect framework and is calculated using China A share listings based on the offshore RMB exchange rate (CNH). The China A Shares are denominated, purchased and sold using the onshore Renminbi (CNY). The value of CNH could differ from CNY due to a number of factors including foreign exchange control policies repatriation restrictions and other external market forces.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

### Publication of the Index

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: https://www.msci.com/china.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available at https://www.msci.com/index-methodology which sets out the methodology for all of the MSCI Global Investable Market Indices, including the Index, which seeks to provide coverage of the universe of stocks with non-overlapping size and style segmentation based on factors such as country, sector and size and with a minimum free float requirements for eligibility. The Index is constructed to represent the performance of the China A shares component of the MSCI Emerging Markets Index.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI CANADA UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI CANADA UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI CANADA UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data intrcluded therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14:30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of |

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| | redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Canada Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |

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| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Canada 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 Canada, as defined by the Index Provider.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments ((including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons (as detailed in the Prospectus: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments not generally expected to exceed 5% of the Fund`s net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.003 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the

Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provisions for Duties and Changes and in accordance with the provisions set out in the Prospectus and the Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 14.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within one Business Day after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within one Business Day after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in

any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company , Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund . In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus.

Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| **Class** | **TER per annum of the Net Asset Value of the Class** |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.35% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators,

auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B51B7Z02 |

Distributing Shares will generally pay dividends on a semi-annual basis January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 24 February 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Canada Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the performance of the MSCI Canada Index.

The Index offers a representation of the Canadian equity market by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider and information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI INDONESIA UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI INDONESIA UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI INDONESIA UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16:30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian |

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| | charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Indonesia Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |

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| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Indonesia 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 Indonesia, as defined by the Index Provider. Indonesian equity markets are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The Fund may also invest in American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central

Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Emerging Markets**

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**" and "**Custodial Risk**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

**Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.047 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is

equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus.

Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) are shown in the table below (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.50% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B46G8275 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 30 March 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Indonesia Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI Indonesia Index.

The Index offers a representation of the Indonesian equity market by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI TAIWAN CAPPED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI TAIWAN CAPPED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI TAIWAN CAPPED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16:30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

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| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Taiwan Capped Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. |

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| | However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00(Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Taiwan 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 Taiwan, as defined by the Index Provider. Taiwanese equity markets are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The Fund may also invest in American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central

Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

The Fund is passively managed. Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.50% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Emerging Markets**

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**" and "**Custodial Risk**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

**Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.011 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company,

Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.50% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the

Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B3S1J086 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 30 March 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Taiwan Capped Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the net total return performance of the MSCI Taiwan Capped Index.

The Index is based on the broader-based MSCI Taiwan Index (the "Parent Index"), which offers a representation of the Taiwanese equity market by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. The Parent Index is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc. At construction and at each quarterly rebalancing of the Index, if the weight of the largest group entity in the Parent Index is greater than 33 per cent, its weight in the Index 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 in the Index 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 Index increases above 35 per cent, its weight in the Index will be capped at 33 per cent. On a daily basis, if the weight of any of the remaining group entities increases above 20 per cent, its weight in the Index will be capped at 18 per cent.

Any changes in the constituent companies of the Parent Index will also be reflected in the Index, subject to the caps described above.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI KOREA CAPPED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI KOREA CAPPED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI KOREA CAPPED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes**

**any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16:30 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

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| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Korea Capepd Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. |

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| | However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Korea 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 South Korea, as defined by the Index Provider. South Korean equity markets are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. The Fund may also invest in American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central

Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of theSecurities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**" and "**Custodial Risk**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.037 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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|---|---|
| **Deadline for Application Form for all subscriptions** | 16.30 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within three Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within three Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday, in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is

equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.50% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the

requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B3Z0X395 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. No individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 7 April 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Korea Capped Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the net total return performance of the MSCI Korea *Capped* Index.

The Index is based on the broader-based MSCI Korea Index (the "Parent Index"), which offers a representation of the South Korean equity market by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. The Parent Index is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc. At construction and at each quarterly rebalancing of the Index, if the weight of the largest group entity in the Parent Index is greater than 33 per cent, its weight in the Index 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 in the Index 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 Index increases above 35 per cent, its weight in the Index will be capped at 33 per cent. On a daily basis, if the weight of any of the remaining group entities increases above 20 per cent, its weight in the Index will be capped at 18 per cent.

Any changes in the constituent companies of the Parent Index will also be reflected in the Index, subject to the caps described in this section.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI RUSSIA CAPPED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus dated for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI RUSSIA CAPPED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI RUSSIA CAPPED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Shares were admitted to the official list of the United Kingdom Listing Authority pursuant to Chapter 16 of the UK Listing Rules and admitted to trading on the main market of London Stock Exchange.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for**

**inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 14.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the |

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|---|---|
| | avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Russia Capped Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | As in-kind subscriptions and redemptions are not accepted for this Fund, there is no In-Kind Transaction Fee applicable. |
| **Listing Stock Exchange(s)** | London Stock Exchange and such other selected exchanges as the Directors may determine from time to time in respect of the Fund and which are specified in Appendix A. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the “Investment Restrictions” and “Investment Restrictions – Other Restrictions” sections of the Prospectus) that apply to the Fund or Investment Manager but |

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|---|---|
| | not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

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. Russian equity markets are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including; (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer: (b) Eligible Collective Investment Schemes that have a similar investment objective and strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestible Index constituents and/or (iv) hold cash or cash equivalents. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Interbank Currency Exchange ("**MICEX** -**RTS**"). The Fund may also invest in American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer and are alternatives to directly purchasing the underlying securities included in the Index. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use FDI, including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be

leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who can not afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. The Index is less diversified than broader-based indices in terms of (i) industries, (ii) countries, and (iii) market capitalisation segments. Due to the limited numbers of securities comprised in the Index, the performance of the Index, and that of the Fund, is more susceptible to the risks associated with particular companies and a single economic, political or regulatory occurrence affecting these companies. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably

from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**" and "**Custodial Risk**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

***Settlement and Liquidity Risks***

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

***Investment in Russia***

There are significant risks inherent in investing in Russia including: (a) delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; (b) the lack of corporate governance provisions or general rules or regulations relating to investor protection; (c) pervasiveness of corruption, insider trading, and lack of law enforcement in the Russian economic system; (d) difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; (e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes; (f) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; (g) banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; and (h) the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities

investment may not exist or may be applied in an arbitrary and inconsistent manner.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Custodian or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("**Extracts**") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Fund's purchases may be settled with such securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Custodian therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

To mitigate the above perceived risks, investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the MICEX-RTS.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.001 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 27 May 2022 to 25 November 2022 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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|---|---|
| **Deadline for Application Form for all subscriptions** | 14.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions** | In-kind subscriptions are not accepted for this Fund. 100% cash subscriptions are accepted only. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday, in which case cash should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following

Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place within 10 Business Days of the relevant Dealing Day. Redemptions in-kind are not available for this Fund.

As per the provisions set out in the Prospectus, redemptions proceeds (in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.50% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

A Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5LJZQ16 |

Distributing Shares will generally pay dividends on a semi-annual basis in January/February and July/August in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 6 July 2011.
The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Russia Capped Index (the "**Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI Russia Capped Index.

The Index is based on the broader-based MSCI Russia Index (the "**Parent Index**"), which offers a representation of the Russian market by targeting all companies with a market capitalisation within the top 85% of the Russian investable equity universe.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc. At construction and at each quarterly rebalancing of the Index, if the weight of the largest group entity in the Parent Index is greater than 30 per cent, its weight will be capped at 30 per cent. 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 per cent of the Index, its weight will be capped at 20 per cent, while simultaneously maintaining the weight of the largest group entity at 30 per cent. The remaining group entities are weighted according to their free float adjusted market capitalisations 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 Index increases above 35 per cent, its weight will be capped at 30 per cent. The weight of the remaining group entities will be increased in proportion to their weight in the Index prior to such capping.

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

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI USA ISLAMIC SCREENED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI USA ISLAMIC SCREENED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI USA ISLAMIC SCREENED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of |

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|---|---|
| | redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any Shariah-compliant swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI USA Islamic Universal Screened Select Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |

| | |
|---|---|
| **Shariah** | the Islamic investment principles (i.e. Divine Islamic 'law' as revealed in (i) the Qur'an, which is the holy book of Islam, (ii) the sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) ijma, or 'consensus' of the community of Islamic scholars, and (iv) the qiyas, or analogical deductions and reasoning of the Islamic scholars. |
| **Shariah Committee** | the HSBC Global Asset Management Shariah Committee which comprises experienced Islamic scholars and any person appointed to sit on the committee from time to time to advise and guide the Management Company and the Investment Manager on the Fund's compliance with Shariah. For the avoidance of doubt, the Shariah Committee shall not exercise any investment discretion over the management of the Fund and shall act in an advisory capacity only. |
| **Shariah Team** | the staff within HSBC Bank Middle East Limited who manage Shariah aspects of the Fund and who liaise with the Shariah Committee. For the avoidance of doubt, the Shariah Team is not involved in the discretionary investment management of the Fund and acts in an advisory capacity only. |
| **Valuation Point** | 23.00 (Irish time) on each Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI USA Islamic ESG Universal Screened Select Index (the "**Index**"), which provides investors the opportunity to gain exposure to large- and mid-cap companies in the US equity market which comply with Shariah investment principles while integrating environmental, social and governance ("ESG") metrics, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI USA Islamic Index (the "Parent Index"). The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI Universal Indexes methodology. Further detail is provided under the section titled "Index Description" section of the Supplement.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may also invest in assets which are not Index constituents for the purpose of assisting in tracking the Index, namely American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer. These assets must be in line with Shariah Investment Guidelines provided by the Shariah Committee and advised to the Investment Manager. The Shariah Investment Guidelines used by the Shariah Committee are the international standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) (specifically AAOIFI Financial Accounting Standard No. 14 Investment Funds which can be found at: www.aaoifi.com/e-standards/?lang=en) in addition to the independent views of the Shariah Committee.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index.

The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

In addition to compliance with the UCITS Regulations and the applicable Central Bank requirements, investments in securities which are not constituents of the Index shall only be made if they are in accordance with the Shariah Investment Guidelines. The constituents of the Index are subject to periodic review by the Shariah Committee to ensure compliance of such securities with the Shariah Investment Guidelines. For further information on the treatment of the Fund's investments, please refer to the section below titled "**Additional Shariah Fund Information**".

The Fund may only use Shariah-compliant foreign exchange contracts (including spot and forward contracts). These FDIs may only be used for hedging purposes. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between a dividend ex date and the pay date.

To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to hedge currency exposure, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Fund may obtain Shariah-compliant finance in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.10% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Additional Shariah Fund Information**

**Shariah Committee and Shariah Team**

HSBC Bank Middle East Limited and the Shariah Committee will provide advice on Shariah principles to the Management Company and the Investment Manager in relation to the Fund and an agreement is in place which governs the terms of these services.

The Shariah Committee comprises Islamic scholars with expertise in Islamic investment principles who will advise and guide the Investment Manager and the Management Company on the Fund's compliance with Shariah.

The Shariah Committee's main duties and responsibilities are to advise the Investment Manager and the Management Company on the Shariah principles that the Fund must comply with, to issue an opinion or guidelines to the Investment Manager as to whether the investments of the Fund comply with Shariah principles and to make recommendations or issue guidance to the Investment Manager as to how the Fund is managed in order to be Shariah compliant.

The Shariah Team will facilitate communication between the Shariah Committee and the Investment Manager and the Management Company; periodically assess and review the Fund's activities and investments to assess compliance with Shariah principles; and provide any reports or assistance to the Fund, the Investment Manager and the Management Company on an ad-hoc basis.

The Investment Manager and the Management Company will ensure that any provisions or references to investment methods or techniques in the Prospectus, which would otherwise be available to the Fund in pursuing its investment policy, are not availed of to the extent they are not Shariah compliant. The Shariah Committee will advise on alternative investments for the Fund which comply with the Fund's investment policy and are Shariah compliant.

The Shariah Team will review and screen the details of the Index constituents on a periodic basis and as requested to ensure compliance with the Shariah Investment Guidelines. Subject to the Fund's compliance with Shariah, as determined by the Shariah Committee, the Shariah Committee will issue an annual Shariah compliance certificate for the Fund.

The remuneration of HSBC Bank Middle East Limited and any reasonable and properly vouched out of pocket expenses will be paid by the Management Company out of the assets of the Sub-Fund in accordance with the section of this Supplement titled "**Fees and Expenses**". HSBC Bank Middle East Limited will remunerate the Shariah Committee for the services it provides in respect of the Fund. No separate fee will be payable out of the assets of the Fund to the Shariah Committee.

**Banking Arrangements**

Bank deposits shall be placed in Shariah-compliant accounts issued by licensed Islamic financial institutions or non-interest bearing accounts. The Fund is prohibited from investing in interest bearing deposits and recognising any interest income.

**Dividend Purification**

Some Shariah-compliant investments may yield small percentages of income inconsistent with Shariah principles that will then need to be "purified". Such amounts will be calculated by the Index Provider.

On an annual basis, following the approval of the Shariah Committee of the calculation of the non-permissible income for the previous financial year, the Company will donate any such non-permissible income to one or more charities selected by the Investment Manager and approved by the Shariah Committee. The allocation of non-permissible income or gains between charities, in the event of there being more than one charity shall be at the Investment Manager's sole discretion. Any charity identified for purification purposes may be changed by the Investment Manager from time to time with the approval of the Shariah Committee (where necessary) and provided that any replacement charity meets the requirements of the Central Bank. Any such change will be notified in advance to the Central Bank and the Shareholders.

The current charity selected in respect of the Fund is:

- Children In Need, registered with the Charities Commission for England and Wales having registration number 802052.

**Capital gains in respect of the Fund arising out of non-Shariah-compliant investments**

Where an investment is Shariah-compliant at the time of investment but subsequently ceases to be compliant with Shariah for any reason any capital gains arising from the reversal of the non-Shariah-compliant investments arising on or prior to the date on which the investment is classified by the Investment Manager, in consultation with the Shariah Committee, as non-Shariah compliant (the "Decision Date") may be retained by the Fund. However, any capital gains made on such investment after the Decision Date shall be paid to one or more charities for dividend purification purposes (selected by the Investment Manager from time to time and approved by the Shariah Committee). Valuations will be undertaken in accordance with the valuation policy of the Company as detailed in the Prospectus.

Further details on how the Investment Manager and Shariah Committee consider whether to continue holding or dispose of such investments are available to Shareholders upon request.

**Subscription Monies**

Cleared funds must be received by the Company in the appropriate Share Class currency, not later than by the settlement time detailed in the section titled “Subscriptions”. If timely settlement is not made by the applicant the subscription may lapse and be cancelled at the cost of the applicant. If the applicant does not settle the subscription price in a timely manner, no Shares will be issued to the defaulting applicant.
3.
Investors are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the application form.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under “**Risk Factors**” in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses Shariah-compliant FDI for hedging purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Shariah Fund**

Although the Fund intends to observe Shariah principles at all times, no such assurance can be given as, for example, a temporary breach of Shariah principles may occur when the Fund's investments do not fully comply with such criteria for reasons outside the control of the Fund and/ or the Investment Manager. The Fund and the Investment Manager will seek to ensure that they will do what is required in order to ensure that investments comply with the Shariah principles on or before the next rebalancing date. Further, the compliance of the Fund with Shariah principles shall be based strictly and solely upon the criteria set out in the investment policy of the Funds. Each investor and prospective investor must satisfy themselves that the Fund is compliant with Shariah.

The Fund may underperform relative to other funds with comparable investment objectives that do not seek to adhere to Shariah principles (for example, the inability to invest in interest bearing securities and/ or a range of other investments).

An investment made by the Fund may subsequently be determined, with limited or no prior notice, to not have been or, due to a change in circumstances to no longer be, Shariah-compliant in whole or in part. In such circumstances, the investment will likely continue to be held by the Fund until the next Index rebalancing date, though the Investment Manager, in conjunction with the Shariah Committee, may determine to take such other action as deemed appropriate to purify the Fund prior to the next Index rebalancing date, such as divesting the relevant security, should it be in the best interests of Shareholders. Neither the Shariah Committee nor the Investment Manager accepts responsibility in relation to any change in the status of an investment's Shariah compliance.

Cash balances held by the Fund from time to time may be deposited on terms which shall grant no return on the sum deposited or which shall grant a return on a Shariah-compliant basis.

**Shariah Certification**

There may be circumstances in which the Shariah Committee is unable to issue an annual Shariah certificate for the Fund, including the retirement, resignation or absence of members of the Shariah Committee or a temporary or longer-term inability by the Shariah Committee to provide the services it has been engaged to provide.

**Charitable Donations**

Neither the Company, the Investment Manager nor the Shariah Committee guarantee that non-permissible income paid to one or more charities will not be used by such charities for non-Shariah compliant activities or otherwise misused nor that such charities will not be declared bankrupt or otherwise cease to exist or change the purpose for which they were established.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within one Business Day after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within one Business Day after the Dealing Day or such otherday as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the

account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency or unhedged Share Classes | Up to 0.40% |
| Hedged Share Classes | Up to 0.43% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Shariah Committee, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

For the avoidance of doubt, no payments of fees, costs and expenses paid from the TER shall include interest and late payment charges.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of Shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Company.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

Shares will be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the Index and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index and which reflects Shariah investment principles and includes large and mid-cap securities of the US equity markets as determined by the Index Provider.

The methodology for the Parent Index follows Shariah investment principles and applies stringent screens to exclude securities based on two types of criteria: (i) companies that are directly active in, or derive more than 5% of their revenues from such business activities as alcohol, tobacco, pork-related products, conventional financial services, defense/weapons, gambling, or adult entertainment; and (ii) financial ratios derived from total assets, the purpose of which is to prohibit investment in companies which are highly leveraged or which derive significant income from interest.

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria to screen all securities (as defined by the Index Provider in the Index methodology):

- Controversial weapons;
- Nuclear weapons;
- Civilian firearms;
- Tobacco
- Thermal Coal power;
- Thermal Coal mining;
- Oil Sands extraction;
- Oil Sands Reserves Ownership; and
- All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index Provider and set out in the Index methodology and which may be amended from time to time.

**MSCI Universal methodology**

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

The use of the MSCI Universal Indexes Methodology in the construction of the Index is to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index Provider's website.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;

- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its constituents, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI WORLD ISLAMIC SCREENED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI WORLD ISLAMIC SCREENED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI WORLD ISLAMIC SCREENED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person**

**or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets |

| | |
|---|---|
| | of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any Shariah-compliant swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI World Islamic Universal Screened Select Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a |

| | |
|---|---|
| | limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Shariah** | the Islamic investment principles (i.e. Divine Islamic 'law' as revealed in (i) the Qur'an, which is the holy book of Islam, (ii) the sunna, or binding authority of the dicta and decisions of the Prophet Mohammed (peace be upon him), (iii) ijma, or 'consensus' of the community of Islamic scholars, and (iv) the qiyas, or analogical deductions and reasoning of the Islamic scholars. |
| **Shariah Committee** | the HSBC Global Asset Management Shariah Committee which comprises experienced Islamic scholars and any person appointed to sit on the committee from time to time to advise and guide the Management Company and the Investment Manager on the Fund's compliance with Shariah. For the avoidance of doubt, the Shariah Committee shall not exercise any investment discretion over the management of the Fund and shall act in an advisory capacity only. |
| **Shariah Team** | the staff within HSBC Bank Middle East Limited who manage Shariah aspects of the Fund and who liaise with the Shariah Committee. For the avoidance of doubt, the Shariah Team is not involved in the discretionary investment management of the Fund and acts in an advisory capacity only. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI World Islamic Universal Screened Select Index (the "**Index**") which provides investors the opportunity to gain large- and mid-cap exposure to companies across 23 Developed Markets[31] countries that comply with Shariah investment principles while integrating environmental, social and governance ("**ESG**") metrics, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI World Islamic Index (the "**Parent Index**"). The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI Universal Indexes methodology. Further detail is provided under the section titled "Index Description" section of the Supplement.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "Index Description") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may also invest in assets which are not Index constituents for the purpose of assisting in tracking the Index, namely American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer. These assets must be in line with Shariah Investment Guidelines provided by the Shariah Committee and advised to the Investment Manager. The Shariah Investment Guidelines used by the Shariah Committee are the international standards issued by Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) (specifically AAOIFI Financial Accounting Standard No. 14 Investment Funds which can be found at: www.aaoifi.com/e-standards/?lang=en) in addition to the independent views of the Shariah Committee.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a fully replicated strategy, the Investment Manager may reduce exposure to certain securities in the Index, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index

[31] Developed Markets countries in the index are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, the UK and the US.

as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

In addition to compliance with the UCITS Regulations and the applicable Central Bank requirements, investments in securities which are not constituents of the Index shall only be made if they are in accordance with the Shariah Investment Guidelines. The constituents of the Index are subject to periodic review by the Shariah Committee to ensure compliance of such securities with the Shariah Investment Guidelines. For further information on the treatment of the Fund's investments, please refer to the section below titled "**Additional Shariah Fund Information**".

The Fund may only use Shariah-compliant foreign exchange contracts (including spot and forward contracts). These FDIs may only be used for hedging purposes Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between a dividend ex date and the pay date.

To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to hedge currency exposure, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, where necessitated to ensure accurate tracking of the index or due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

The Fund may obtain Shariah-compliant finance in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Additional Shariah Fund Information**

**Shariah Committee and Shariah Team**

HSBC Bank Middle East Limited and the Shariah Committee will provide advice on Shariah principles to the Management Company and the Investment Manager in relation to an agreement is in place which governs the terms of these services.

The Shariah Committee comprises Islamic scholars with expertise in Islamic investment principles who will advise and guide the Investment Manager and the Management Company on the Fund's compliance with Shariah.

The Shariah Committee's main duties and responsibilities are to advise the Investment Manager and the Management Company on the Shariah principles that the Fund must comply with, to issue an opinion or guidelines to the Investment Manager as to whether the investments of the Fund comply with Shariah principles and to make recommendations or issue guidance to the Investment Manager as to how the Fund is managed in order to be Shariah compliant.

The Shariah Team will facilitate communication between the Shariah Committee and the Investment Manager and the Management Company; periodically assess and review the Fund's activities and investments to assess compliance with Shariah principles; and provide any reports or assistance to the Fund, the Investment Manager and the Management Company on an ad-hoc basis

The Investment Manager and the Management Company will ensure that any provisions or references to investment methods or techniques in the Prospectus which would otherwise be available to the Fund in pursuing its investment policy are not availed of to the extent they are not Shariah compliant. The Shariah Committee will advise on alternative investments for the Fund which comply with the Fund's investment policy and are Shariah compliant.

The Shariah Team will review and screen the details of the Index constituents on a periodic basis and as requested to ensure compliance with the Shariah Investment Guidelines. Subject to the Fund's compliance with Shariah, as determined by the Shariah Committee, the Shariah Committee will issue an annual Shariah compliance certificate for the Fund.

The remuneration of HSBC Bank Middle East Limited and any reasonable and properly vouched out of pocket expenses will be paid by the Management Company out of the assets of the Sub-Fund in accordance with the section of this Supplement titled "**Fees and Expenses**". HSBC Bank Middle East Limited will remunerate the Shariah Committee for the services it provides in respect of the Fund. No separate fee will be payable out of the assets of the Fund to the Shariah Committee.

**Banking Arrangements**

Bank deposits shall be placed in Shariah-compliant accounts issued by licensed Islamic financial institutions or non-interest bearing accounts. The Fund is prohibited from investing in interest bearing deposits and recognising any interest income.

**Dividend Purification**

Some Shariah-compliant investments may yield small percentages of income inconsistent with Shariah principles that will then need to be "purified". Such amounts will be calculated by the Index Provider.

On an annual basis, following the approval of the Shariah Committee of the calculation of the non-permissible income for the previous financial year, the Company will donate any such non-permissible income to one or more charities selected by the Investment Manager and approved by the Shariah Committee. The allocation of non-permissible income or gains between charities, in the event of there being more than one charity, shall be at the Investment Manager's sole discretion. Any charity identified for purification purposes may be changed by the Investment Manager from time to time with the approval of the Shariah Committee (where necessary) and provided that any such replacement charity meets the requirements of the Central Bank. Any such change will be notified in advance to the Central Bank and the Shareholders.

The current charity selected in respect of the Fund is:

- Children In Need, registered with the Charities Commission for England and Wales having registration number 802052.

**Capital gains in respect of the Fund arising out of non-Shariah-compliant investments**

Where an investment is Shariah-compliant at the time of investment but subsequently ceases to be compliant with Shariah for any reason any capital gains arising from the reversal of the non-Shariah-compliant investments arising on or prior to the date on which the investment is classified by the Investment Manager, in consultation with the Shariah Committee, as non-Shariah compliant (the "Decision Date") may be retained by the Fund. However, any capital gains made on such investment after the Decision Date shall be paid to one or more charities for dividend purification purposes (selected by the Investment Manager from time to time and approved by the Shariah Committee). Valuations will be undertaken in accordance with the valuation policy of the Company as detailed in the Prospectus.

Further details on how the Investment Manager and Shariah Committee consider whether to continue holding or dispose of such investments are available to Shareholders upon request.

**Subscription Monies**

Cleared funds must be received by the Company in the appropriate Share Class currency, not later than by the settlement time detailed in the section titled "Subscriptions". If timely settlement is not made by the applicant the subscription may lapse and be cancelled at the cost of the applicant. If the applicant does not settle the subscription price in a timely manner, no Shares will be issued to the defaulting applicant.

Investors are advised to refer to the terms and conditions applicable to subscriptions which are detailed in the application form.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses Shariah-compliant FDI for hedging purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Shariah Fund**

Although the Fund intends to observe Shariah principles at all times, no such assurance can be given as, for example, a temporary breach of Shariah principles may occur when the Fund's investments do not fully comply with such criteria for reasons outside the control of the Fund and/ or the Investment Manager. The Fund and the Investment Manager will seek to ensure that they will do what is required in order to ensure that investments comply with the Shariah principles on or before the next rebalancing date. Further, the compliance of the Fund with Shariah principles shall be based strictly and solely upon the criteria set out in the investment policy of the Funds. Each investor and prospective investor must satisfy themselves that the Fund is compliant with Shariah.

The Fund may underperform relative to other funds with comparable investment objectives that do not seek to adhere to Shariah principles (for example, the inability to invest in interest bearing securities and/ or a range of other investments).

An investment made by the Fund may subsequently be determined, with limited or no prior notice, to not have been or, due to a change in circumstances to no longer be, Shariah-compliant in whole or in part. In such circumstances, the investment will likely continue to be held by the Fund until the next Index rebalancing date, though the Investment Manager, in conjunction with the Shariah Committee, may determine to take such other action as deemed appropriate to purify the Fund prior to the next Index rebalancing date, such as divesting the relevant security, should it be in the best interests of Shareholders. Neither the Shariah Committee nor the Investment Manager accepts responsibility in relation to any change in the status of an investment's Shariah compliance.

Cash balances held by the Fund from time to time may be deposited on terms which shall grant no return on the sum deposited or which shall grant a return on a Shariah-compliant basis.

**Shariah Certification**

There may be circumstances in which the Shariah Committee is unable to issue an annual Shariah certificate for the Fund, including the retirement, resignation or absence of members of the Shariah Committee or a temporary or longer-term inability by the Shariah Committee to provide the services it has been engaged to provide.

**Charitable Donations**

Neither the Company, the Investment Manager nor the Shariah Committee guarantee that non-permissible income paid to one or more charities will not be used by such charities for non-Shariah compliant activities or otherwise misused nor that such charities will not be declared bankrupt or otherwise cease to exist or change the purpose for which they were established.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be

moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the

account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency or unhedged Share Classes | Up to 0.50% |
| Hedged Share Classes | Up to 0.53% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Shariah Committee, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

For the avoidance of doubt, no payments of fees, costs and expenses paid from the TER shall include interest and late payment charges.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of Shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Company.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

Shares will be admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange .

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the Index and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index and which reflects Shariah investment principles and includes large- and mid-cap securities across 23 Developed Markets countries as determined by the Index Provider.

The methodology for the Parent Index follows Shariah investment principles and applies stringent screens to exclude securities based on two types of criteria: (i) companies that are directly active in, or derive more than 5% of their revenues from such business activities as alcohol, tobacco, pork-related products, conventional financial services, defense/weapons, gambling, or adult entertainment; and (ii) financial ratios derived from total assets, the purpose of which is to prohibit investment in companies which are highly leveraged or which derive significant income from interest.

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria to screen all securities (as defined by the Index Provider in the Index methodology):

- Controversial weapons;
- Nuclear weapons;
- Civilian firearms;
- Tobacco
- Thermal Coal power;
- Thermal Coal mining;
- Oil Sands extraction;
- Oil Sands Reserves Ownership; and
- All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index Provider and set out in the Index methodology and which may be amended from time to time.

**MSCI Universal methodology**

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

The use of the MSCI Universal Indexes Methodology in the construction of the Index is to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index Provider's website.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its constituents, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI EMERGING MARKETS UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI EMERGING MARKETS UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI EMERGING MARKETS UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in**

**no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Brazilian Tax** | On 14 September 2016, the Brazilian tax authorities issued Normative Instruction 1658/16 amending the list of countries considered to be 'low tax jurisdictions' to include Ireland. The changes were effective from 1 October 2016 onwards and established capital gains tax on the disposal of Brazilian securities. Also, on September 1, 2021, Brazil's House of Deputies approved Bill 2,337, which if approved by Brazil's Senate and President would establish withholding tax on dividends.<br><br>As a consequence investors should note that where such taxes are applied to Brazilian securities they will be passed on to investors in the Fund and paid to the Brazilian tax authorities. |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |

| | |
|---|---|
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI Emerging Markets Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | As in-kind subscriptions and redemptions are not accepted for this Fund, there is no In-Kind Transaction Fee applicable. |

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| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small; or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI Emerging Markets 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 large and mid cap companies in emerging market countries, as determined by the Index Provider. The markets in which the issuers are based are considered to be emerging markets and accordingly, are subject to the risks described in the "**Investment Risks**" section below. The Fund may invest in China A Shares: (a) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (subject to applicable quota limitations); or (b) indirectly through CAAP; or (c) through Eligible Collective Investment Schemes.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("FDI")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus.

The indicative net asset value per share for the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use financial derivative instruments ("**FDI**"), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences, total return swaps, certificates, notes and warrants which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The Fund may not enter into funded swap transactions. The primary policy of the Fund is to acquire securities included in the Index, as

described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.

Where the Fund cannot invest directly in Indian equities, exposure to the Indian equity market may be achieved through futures (instruments which create an exposure to an underlying asset).

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security. Certificates may be used to achieve exposure to a stock or to a basket of stocks instead of using a physical security. Notes and warrants may be used to achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.40% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the mlkkkund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

***FDI***

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

***The Index***

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

***Emerging Markets***

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to political, settlement, liquidity, currency accounting standards and custodial risks. Please refer to the "**Political and/or Regulatory Risks**", "**Custodial Risk**" and "Particular Risks of Investment in Chinese Securities**"** sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement, liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

***Accounting Standards***

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

***Investment in Russia***

There are significant risks inherent in investing in Russia including: (a) delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; (b) the lack of corporate governance provisions or general rules or regulations relating to investor protection; (c) pervasiveness of corruption, insider trading, and lack of law enforcement in the Russian economic system; (d) difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; (e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes; (f) the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; (g) banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; and (h) the risk that the government of Russia or other executive

or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Custodian or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("**Extracts**") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Fund's purchases may be settled with such securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Custodian therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

To mitigate the above perceived risks, investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the MICEX-RTS.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.02 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 27 May 2022 to 25 November 2022 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions:** | In-kind subscriptions are not accepted for this Fund. 100% cash subscriptions are accepted only. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day or such earlier day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers. Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought unless this falls on a USD Foreign |

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| | Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday, in which case cash should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place within 10 Business Days of the relevant Dealing Day. Redemptions in-kind are not available for this Fund.

As per the provisions set out in the Prospectus, redemptions proceeds (in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "Fees and Expenses" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.15% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

A Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

Investors should note that there is a tax which may be applied to all foreign investors investing in Brazil and is payable to the Brazilian tax authorities and so long as the tax remains in force, this tax will be passed on to investors in the Fund.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Distributing | IE00B5SSQT16 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 7 September 2011.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI Emerging Markets Index (the "**Index**") and is not a complete description of the Index.*

### General

The Fund will aim to replicate the performance of the MSCI Emerging Markets Index.

The Index offers a representation of the emerging equity markets, as determined by the Index Provider, by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

### Publication of the Index

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com
The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI AC FAR EAST ex JAPAN UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 August 2024**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI AC FAR EAST ex JAPAN UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI AC FAR EAST ex JAPAN UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors,**

**omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

| | |
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| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders in the Fund and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian |

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| | charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI AC Far East ex Japan Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund, as the volatility of the Fund may be high. Investors should be prepared to bear losses.<br><br>Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |

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| **Replication** | The Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small; or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "Investment Restrictions" and "Investment Restrictions – Other Restrictions" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23.00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI AC Far East ex Japan 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 large and mid-cap companies from both developed and, emerging market countries in the Far East (excluding Japan), as determined by the Index Provider. Some of the markets in which the issuers are based are considered to be emerging markets and accordingly, are subject to the risks described in the Investment Risks section below. The Fund may invest in China A Shares: (a) via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (subject to applicable quota limitations); or (b) indirectly through CAAP; or (c) through Eligible Collective Investment Schemes.

In seeking to achieve its investment objective, the Fund aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

The Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations and may also be in a position to hold up to 35% of the Fund's Net Asset Value in one constituent of the Index issued by the same body, due to exceptional market conditions (i.e. the issuer represents an unusually large portion of this market measured by the Index).

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US ; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus.The indicative net asset value per share for the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

The Fund may use financial derivative instruments ("**FDI**"), including, but not limited to, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used

within the limits stipulated by the Central Bank of Ireland and as described in "Use of Financial Derivative Instruments" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank's UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value.
Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex-date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: INVESTMENT RESTRICTIONS - Other Restrictions) or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.40% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "*Total Return Swaps, Contracts for Difference and Securities Lending*". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however this is not expected to exceed 5%.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "Risk Factors" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "Risk Factors – Particular Risks of Financial Derivative Instruments" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

**Emerging Markets**

The economies of emerging markets in which the Fund will invest may differ favourably or unfavourably from the economies of industrialised countries. Investments in emerging markets entail risks which include the possibility of political or social instability, adverse changes in investment or exchange control regulations, expropriation and withholding of dividends at source. In addition, such securities may trade with less frequency and volume than securities of companies and governments of developed, stable nations. Investments in these markets may also be adversely affected by laws, stock exchange practices or regulatory supervision not comparable with those in more developed markets.

As a result of its investment in emerging market countries, therefore, the Fund may be subject to

political, settlement, liquidity, currency, accounting standards and custodial risks. Please refer to the **"Political and/or Regulatory Risks"**, **"Custodial Risk"** and **"Particular Risks of Investment in Chinese Securities**" sections of the Prospectus for details of political, currency and custodial risks associated with investment in these countries. Risks in connection with settlement and liquidity and accounting standards are addressed below.

**Settlement and Liquidity Risks**

Shareholders should note that settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries and that this therefore increases the risk of settlement default, which could result in substantial losses for the Fund in respect to investments in emerging markets. In addition, the settlement mechanisms in certain emerging markets may be untested. Some emerging markets use physical share delivery settlement procedures and in such circumstances, there may be share registration and delivery delays and it may not be possible to ensure delivery against payment.

Shareholders should also note that the securities of companies domiciled in emerging markets are less liquid and more volatile than more developed stock markets and this may result in fluctuations in the price of the Shares of the Fund.

**Accounting Standards**

The legal infrastructure and accounting, auditing and reporting standards in emerging markets in which the Fund may invest may not provide the same degree of information to investors as would generally apply internationally. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international accounting standards.

This document does not include detailed information on the political, economic and legal environment of the emerging markets in which the Fund may invest. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to the relevant conditions and risk in investing in emerging markets generally.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.096 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 2 September 2024 to 28 February 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter, Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

The USD Class of Shares in the Fund is issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement.

**Dealing Timetable**

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| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day. |
| **Cash Subscriptions – cut-off for receipt of cash** | By 15.00 (Irish time) within two Business Days after the Dealing Day. |
| **In-Kind Subscriptions** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days following the Dealing Day, or such earlier day as the Directors may determine provided that |

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| | appropriate cleared subscription monies for cash subscriptions (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager). Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of Portfolio Deposit are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted

from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders in the Fund may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus within 10 Business Days of the relevant Dealing Day. Redemptions in-kind are not available for this Fund.

As per the provisions set out in the Prospectus, redemptions proceeds (in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. Such fee shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.45% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "The Shares" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | IE00BBQ2W338 |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May,

July/August and October/November in accordance with the section of the Prospectus entitled "Distribution Policy".

Information on currency hedged Classes is provided under the "Currency Transactions" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The USD Class of Shares was admitted to the official list of the UK Listing Authority and admitted to trading on the main market of the London Stock Exchange on 26 September 2013.

The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI AC Far East ex Japan Index (the "Index") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the MSCI AC Far East ex Japan Index.

The Index offers a representation of developed and the emerging markets in the Far East (excluding Japan), as determined by the Index Provider, by targeting all companies with a market capitalization within the top 85% of their investable equity universe, subject to a global minimum size requirement. It is based on MSCI's Global Investable Market Indices methodology.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: www.msci.com.

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

The Company and the Directors of HSBC ETFs PLC (the "**Directors**") listed in the Prospectus in the "**Management and Administration**" section, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Company and the Directors accept responsibility accordingly.

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## HSBC MSCI WORLD SMALL CAP SCREENED UCITS ETF

**(A sub-fund of HSBC ETFs PLC, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011) (as amended)**

**30 April 2025**

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**This Supplement forms part of the Prospectus for the purposes of the UCITS Regulations. Unless otherwise provided for in this Supplement, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the HSBC MSCI WORLD SMALL CAP SCREENED UCITS ETF (the "Fund") which is a separate sub-fund of the Company, represented by the HSBC MSCI WORLD SMALL CAP SCREENED UCITS ETF series of shares in the Company (the "Shares"). Please see Appendix A for a list of the other sub-funds of the Company, Appendix B for a list of the paying agents appointed by the Management Company and Appendix C for a list of sub-custodians appointed by the Depositary.**

**Prospective investors should review this Supplement and the Prospectus carefully and in their entirety. Prospective investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser for independent advice in relation to: (a) the legal requirements within their own countries for the purchase, holding, exchanging, redeeming or disposing of Shares; (b) any foreign exchange restrictions to which they are subject in their own countries in relation to the purchase, holding, exchanging, redeeming or disposing of Shares; (c) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, exchanging, redeeming or disposing of Shares; and (d) the provisions of this Supplement and the Prospectus.**

**Potential investors should consider the risk factors set out in the Prospectus and in this Fund Supplement before investing in this Fund.**

**Prospective investors should refer to the Annex to this Fund Supplement regarding the Fund's environmental and / or social characteristics.**

**Investors should note that, where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.**

**The Fund is not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any of its affiliates, any of its information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI Parties"). The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by HSBC ETFs PLC. None of the MSCI Parties makes any representation or warranty, express or implied, to the issuer or owners of this Fund or any other person or entity regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owners of this Fund or any other person or entity. None of the MSCI Parties has any obligation to take the needs of the issuer or owners of this Fund or any other person or entity into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI Parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the equation by or the consideration into which**

**this Fund is redeemable. Further, none of the MSCI Parties has any obligation or liability to the issuer or owners of this Fund or any other person or entity in connection with the administration, marketing or offering of this Fund. Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indices from sources that MSCI considers reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI Parties makes any warranty, express or implied, as to results to be obtained by the issuer of the Fund, owners of the Fund, or any other person or entity, from the use of any MSCI index or any data included therein. None of the MSCI Parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to each MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.**

**No purchaser, seller or holder of this security, product or fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this security without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.**

## GENERAL

The following provisions shall be applicable to the Fund:

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|---|---|
| **Base Currency** | US Dollars ("**USD**") |
| **Business Day** | A day on which the markets in London are open and/or such other day or days as the Directors may determine excluding days on which Significant Markets are closed and/or the Index is unavailable on the Business Day following the Dealing Day. This must be notified in advance to Shareholders. A "**Significant Market**" is any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the Fund, calculated on a yearly basis and recorded in the Company's financial statements unless the Management Company determines that a different percentage and/or date should apply which it believes to be more appropriate. |
| **Conversion Transaction Fee** | The maximum conversion fee that may be charged being up to 3% of the Net Asset Value per Share, such fee if any can be waived partially or totally by the Directors. |
| **Dealing Day** | Every Business Day or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance provided there shall be at least one (1) Dealing Day per fortnight. |
| **Dealing Deadline** | 16.00 (Irish time) on any Dealing Day (unless otherwise agreed by the Directors and notified in advance to Shareholders and in any event prior to the Valuation Point). On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Any properly made application received by the Administrator after the Dealing Deadline will not be accepted until the next Dealing Day. As the Valuation Point (as defined below) occurs on the Business Day following the Dealing Day, the Fund is not open for the purpose of receiving dealing requests on any Business Day prior to a Significant Market being closed. The Fund is, however, open for the purpose of receiving dealing requests on a day on which a Significant Market is closed as the Valuation Point in respect of such Dealing Day will be on the Business Day following the Significant Market being closed, even though such Dealing Day may not itself be designated as a Business Day. |
| **Direct Dealing (Cash Transaction) Fee** | Up to 3%. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Duties and Charges** | All stamp duties and other duties, taxes, governmental charges, imposts, levies, exchange costs and commissions (including foreign exchange spreads), custodian and sub-custodian charges, transfer fees and expenses, agents' fees, brokerage fees, commissions, bank charges, registration fees or other duties and charges, whether payable in respect of the |

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| | constitution, increase or reduction of the cash and other assets of the Company or the creation, acquisition, issue, conversion, exchange, purchase, holding, repurchase, redemption, sale or transfer of Shares or Investments by or on behalf of the Company and, if appropriate, any provision for the spread or difference between the price at which any Investment was valued for the purpose of calculation of the Net Asset Value per Share of any Fund and the estimated or actual price at which any such Investment may be purchased, in the case of subscriptions to the relevant Fund, or sold, in the case of redemptions from the relevant Fund, including, for the avoidance of doubt, any charges or costs arising from any adjustment to any swap or other derivative contract required as a result of a subscription or redemption, or in respect of the issue or cancellation of share certificates or otherwise which may have become or will become payable in respect of or prior to or upon the occasion of any transaction, dealing or valuation. |
| **Index** | MSCI World Small Cap Selection Screens Index |
| **Index Provider** | MSCI Inc. |
| **In-Kind Transaction Fee** | Information regarding the In-Kind Transaction Fee is available upon request from the Administrator. Such fees may be waived by the Directors, in whole or in part, either generally or in any specific case, at their absolute discretion. |
| **Optimisation** | When employing an optimisation strategy, the Fund will use techniques which take account of tracking error and trading costs when constructing a portfolio. Consequently, the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights.<br><br>Furthermore, the Fund may hold securities which are not Index constituents but which are expected to provide similar performance and risk characteristics to certain Index constituents. |
| **Portfolio Composition File** | The Portfolio Composition File will be available from the Investment Manager upon request. The securities comprised in the Portfolio Composition File will be consistent with the investment objective and policies of the Fund. See "**Investment Objective and Policies**" below. |
| **Portfolio Holdings File** | The Portfolio Holdings File will be available on the Website. |
| **Price Per Creation Unit** | The Net Asset Value per Share multiplied by the number of Shares in a Creation Unit. The Net Asset Value per Share will be published on each Dealing Day on the Website. |
| **Profile of a Typical Investor** | Investment in the Fund may be suitable for investors seeking capital appreciation with a five year time horizon through investments made primarily in equities that are listed or traded on Recognised Markets, as defined in the Prospectus. An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund. Investors should be prepared to bear losses. |

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| | Shares in the Fund will be available to both retail and institutional investors. |
| **Publication Time for Portfolio Composition File** | By 08.00 (Irish time) on each Business Day. |
| **Replication** | When employing a replication strategy, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.<br><br>However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index. |
| **Valuation Point** | 23:00 (Irish time) on each Business Day following the Dealing Day. The closing price is the last traded price for equity securities based on the results of the closing auction or the mid-price of the best bid and offer prices at the time the market closes. |
| **Website** | www.etf.hsbc.com |

## INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund is to replicate the performance of the MSCI World Small Cap Selection Screens Index (the "**Index**"), which provides investors the opportunity to gain specific exposure to small-cap equity securities while integrating environmental, social and governance ("**ESG**") metrics within a broad geographic equity index and while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In replicating the performance of the Index, the Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "The Index") and has been categorised as an Article 8 fund for the purpose of the SFDR.

The Index is constructed from the MSCI World Index (the "**Parent Index**") and includes small cap companies from certain developed market countries, as determined by the Index Provider. The Index Provider screens all securities by applying exclusionary criteria and also applies the MSCI ESG Leaders methodology. Further detail is provided under the "**Index Description**" section of the Supplement.

In seeking to achieve its investment objective, the Fund will generally aim to employ a Replication Strategy to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The Fund promotes certain environmental, social and/or governance characteristics (as set out in the section titled "**Index Description**") Information on the Index's characteristics and the determination of sustainable investments is set out under the section titled "Index Description" below. .

However, there may be circumstances when it is not possible or practicable for the Fund to invest in all constituents of the Index. Such circumstances may include (but are not limited to): (i) a limited availability of the Index constituents; (ii) trading suspensions on constituents of the Index; (iii) cost inefficiencies; (iv) if the assets under management of the Fund are relatively small, or (v) where there are internal or regulatory driven trading restrictions (as detailed in the "**Investment Restrictions**" and "**Investment Restrictions – Other Restrictions**" sections of the Prospectus) that apply to the Fund or Investment Manager but not the Index.

As a result of not investing in some of the Index constituents, the Fund may: (i) gain exposure indirectly through other assets or instruments (including: (a) American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts which are certificates typically issued by a bank or trust company evidencing ownership of shares of a non-US issuer; (b) Eligible Collective Investment Schemes that have a similar investment objective or strategy to the Fund including schemes managed by the Investment Manager or its affiliates; or (c) financial derivative instruments ("**FDI**")) which, in the opinion of the Investment Manager, will assist in achieving the Fund's investment objective and are alternatives to directly purchasing the underlying securities included in the Index and/or (ii) hold the investible Index constituents in different proportions to the Index and/or (iii) invest in securities which are not constituents of the Index which, in the opinion of the Investment Manager, are expected to provide similar performance and risk characteristics to the uninvestable Index constituents and/or (iv) hold cash or cash equivalents including money market funds which are Eligible Collective Investment Schemes. The Fund may not invest more than 10% of its net assets in Eligible Collective Investment Schemes used for investment and/or cash management purposes.

Most of the securities in which the Fund invests will be listed or traded on Recognised Markets, as defined in the Prospectus. Accordingly, the underlying exposure is to the issuers of equity securities included in the Index. The indicative net asset value per Share of the Fund is available on at least one major market data vendor terminal such as Bloomberg, as well as on a wide range of websites that display stock market data, including www.reuters.com.

If the Fund assets fall below a size whereby the Investment Manager considers it is not possible to maintain a Replication strategy, the Investment Manager may employ an Optimisation strategy, but will aim to ensure that the Fund's portfolio of assets will replicate the returns of the Index. However, in such circumstances, the Fund may not take exposure to all securities in the Index as the Index contains too many securities to efficiently purchase and, at times, certain securities included in the Index are difficult to purchase on Recognised Markets.

The Fund may use the following FDIs:, futures, forwards, foreign exchange contracts (including spot and forward contracts), equity options, contracts for differences and total return swaps which may be used

to reduce tracking error between the Fund's performance and that of the Index. These instruments may be used for efficient portfolio management and/or investment purposes. The primary policy of the Fund is to acquire securities included in the Index, as described above, but FDI may be used where the direct holdings of securities may not be possible or where tracking error can be better minimised by using FDI. To the extent that the Fund uses FDI, there may be a risk that the volatility of the Fund may increase. However, the Fund is not expected to have an above average risk profile as a result of its use of or investment in FDI. FDI will be used within the limits stipulated by the Central Bank of Ireland and as described in "**Use of Financial Derivative Instruments**" in the Prospectus. Accordingly, although FDI may be inherently leveraged, the primary purpose of the use of FDI is to reduce tracking error, and, although the Fund will be leveraged as a result of its investments in FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to FDI, calculated using the commitment approach, must not exceed 100% of the Fund's total Net Asset Value. The Fund does not intend to invest in warrants, but it is possible that the Fund will hold warrants due to corporate actions.

Efficient portfolio management refers to techniques and instruments which relate to transferable securities which fulfil the following criteria: They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims: (i) the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio); (ii) the reduction of cost (e.g. short term cash flow management or tactical asset allocation); and (iii) the generation of additional capital or income for the Company with an appropriate level of risk, taking into account the risk profile of the Fund as described in this Supplement and the Prospectus and the general provisions of the UCITS Regulations. In particular, FDI may be used for the purpose of minimising tracking error, i.e. the risk that the Fund return varies from the Index return. Equity futures, index futures and currency futures may be used to hedge against market risk or to gain exposure to an underlying market. Forward contracts may be used to hedge or to gain exposure to an increase in the value of an asset, currency or deposit. Foreign exchange contracts may be used to convert the currency of the underlying investments of each Fund into the Base Currency and to hedge the dividends received in a currency other than the Base Currency between the ex date and the pay date. Equity options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Contracts for differences and total return swaps may be used to hedge or achieve exposure to a particular stock instead of using a physical security.

The Directors may exercise all borrowing powers of the Company in accordance with the 'Borrowing Policy' section in the Prospectus. Such borrowing will be temporary and will not exceed 10% of the Net Asset Value of the Fund.

The tracking error is the annualised standard deviation of the difference between the monthly (or daily) returns of the Fund and the Index.

A series of factors may give rise to tracking error:

- Transaction costs, operating expenses, custody costs, taxes, as a result of changes in the investments of the Fund and re-weightings of the Index, corporate actions, currency fluctuations, cash flows into and out of the Fund from dividend/reinvestments and any costs and expenses which are not taken into account in the calculation of the Index.

- Internal restrictions, such as the HSBC Global Asset Management Banned Weapons Policy (as detailed in the Prospectus section: Investment Restrictions - Other Restrictions)
  or other market or regulatory driven trading restrictions that apply to a Fund but not the relevant Index.

Moreover, in the event of the temporary suspension or interruption of trading in the investments comprising the Index, or of market disruptions, rebalancing the Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

The Fund is passively managed. There is no guarantee that the investment objective of the Fund will be achieved. In particular, no financial instrument enables the returns of the Index to be reproduced exactly.

The anticipated tracking error is the expected standard deviation of the differences between the returns of the Fund and the Index.

As at the date of this Supplement, the anticipated tracking error for the Fund is expected to be up to 0.20% in normal market conditions. Divergences between anticipated and realised tracking error will be explained in the annual report for the relevant period.

The anticipated tracking error for the Fund is not a guide to future performance.

The volatility level of the Fund will have a strong correlation to the volatility level of the Index.

**Total Return Swaps, Contracts for Difference and Securities Lending**

The Fund may engage in securities lending subject to the requirements of the Securities Financing Transactions Regulation, the UCITS Regulations and the Central Bank UCITS Regulations. This is more particularly described in the Prospectus under the heading "**Total Return Swaps, Contracts for Difference and Securities Lending**". Up to 30% of the Fund's net assets may be subject to securities lending arrangements at any one time, however the amount subject to securities lending arrangements is not generally expected to exceed 0 – 25% of the Fund's net assets. Furthermore, the Fund may invest up to 10% of its net assets in total return swaps and contracts for difference, however such investments are not generally expected to exceed 5% of the Fund's net assets.

## INVESTMENT RISKS

Investment in the Fund carries with it a degree of risk including the risks described under "**Risk Factors**" in the Prospectus and the specific risk factors set out below. These investment risks are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisors before making an application for Shares. Investment in the Fund is not for investors who cannot afford to lose all or a significant part of their investment.

An investor should consider his/her personal tolerance for the daily fluctuations of the market before investing in the Fund.

**FDI**

In the event the Fund uses FDI for efficient portfolio management or investment purposes, such use may increase the risk profile of the Fund.

For information in relation to the risks associated with the use of FDI, please refer to the "**Risk Factors – Particular Risks of Financial Derivative Instruments**" section of the Prospectus.

**The Index**

An investment in the Fund exposes an investor to the market risks associated with fluctuations in the Index and the value of securities comprised in the Index. The value of the Index can increase as well as decrease and the value of an investment will fluctuate accordingly. There is no guarantee that the Fund's investment objective will be achieved. The Fund is subject to tracking error, as described in the Prospectus, which is the risk that its returns may not correlate accurately to those of the Index. Furthermore, any re-weighting of the Index may increase the risk of tracking error.

The past performance of the Index should not be seen as an indication of the future performance of the Index or the Fund.

## SUBSCRIPTIONS

During the Initial Offer Period, Classes of Shares in the Fund will first be issued at the price of the Index multiplied by a factor of 0.01 as at the Valuation Point on the first Business Day following the close of the Initial Offer Period which is from 1 May 2025 to 31 October 2025 (or such other date as the Directors may determine) and the price of which can be obtained from the Investment Manager. Thereafter,

Shares in the Fund will be issued at the Net Asset Value per Share plus an appropriate provision for Duties and Charges and in accordance with the provisions set out in the Prospectus and this Supplement

**Dealing Timetable**

| | |
|---|---|
| **Deadline for Application Form for all subscriptions** | 16.00 (Irish time) on any Dealing Day |
| **Cash Subscriptions – cut-off for receipt of cash:** | By 15.00 (Irish time) within two Business Days after the Dealing Day . |
| **In-Kind Subscriptions:** | In-kind subscriptions will be permitted on an exceptional basis where explicitly agreed in advance with the Investment Manager. |
| **Settlement of Shares subscribed for** | Within two Business Days after the Dealing Day or such other day as the Directors may determine provided that appropriate cleared subscription monies for cash subscriptions, (including the cash portion of an in-kind subscription where relevant) have been received no later than the settlement deadline of the relevant clearing platform or, no later than 15.00 (Irish time) for wire transfers (or no later than such time as agreed by the Investment Manager for the Portfolio Deposit of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) Subscriptions through either process must be effected on the same Business Day after the Dealing Day on which settlement is sought, unless this falls on a USD Foreign Exchange Market holiday, in which case they will settle on the Business Day after the USD Foreign Exchange Market holiday. |

All payments should be clearly referenced with one payment per subscription trade.

On the relevant Dealing Day of the Fund prior to 25 December and 1 January, subscription application forms must be received by 12.00 noon (Irish time). Where a subscription application form is received after 12.00 noon (Irish time), the subscription shall be held over until the next Dealing Day.

**USD Foreign Exchange Market Holiday**

The above cut-off times for receipt of cash and, where an in-kind subscription is agreed to be accepted by the Investment Manager, for receipt of the Portfolio Deposit, are to apply unless a Dealing Day falls on a USD Foreign Exchange Market holiday in which case cash (including the cash portion of an in-kind subscription where an in-kind subscription is agreed to be accepted by the Investment Manager) should be received by the respective cut-off time on the Business Day after the USD Foreign Exchange Market holiday. Any cash received after 15.00 (Irish time) will be deemed as late settlement and will not be moved to the Fund account until the following Business Day. In such an event the investor shall indemnify the Company and the Administrator for any loss suffered as a result of the investor's failure to transmit subscription monies in a timely fashion. The Depositary is not liable for any loss suffered due to the late payment of subscription proceeds to the Fund.

## CONVERSIONS

A conversion request will be treated as a cash redemption request in respect of the original Class of Shares and as a cash subscription application in respect of the new Class of Shares in this Fund or in any other sub-fund of the Company. On this basis and provided the original Class of Shares and the new Class of Shares have the same base currency, Shareholders will be entitled on any Dealing Day to apply to convert any or all of their Shares of any Class in the Fund into Shares of another Class in the Fund or any other sub-fund of the Company except where dealings in the relevant Shares have been temporarily suspended in the circumstances described in the Prospectus and where the Dealing Deadlines are different for the Class of Shares in the sub-funds of the Company being converted. Please refer to the terms and conditions regarding subscriptions and redemptions of the relevant Fund Supplements.

When requesting the conversion of Shares as an initial investment in a sub-fund of the Company, Shareholders should ensure that the aggregate Net Asset Value per Share of the Shares converted is equal to or exceeds any minimum holding for the relevant sub-fund. In the case of a conversion of a partial holding only, the value of the remaining holding must also be at least equal to any minimum holding for the relevant sub-fund. If the number of Shares of the new Class to be issued on conversion is not an integral number of Shares, the Company may issue fractional Shares of the new Class or return the surplus arising to the Shareholder seeking to convert the Shares of the original Class.

Conversions will attract a Conversion Transaction Fee, being the fee payable to the Administrator as agent for the Company where, as part of a conversion of Shares, Shares are redeemed for cash and subsequently invested for cash in a different sub-fund of the Company. The fee payable is deducted from the redemption proceeds at the same rate as the Conversion Transaction Fee as specified in the relevant Fund Supplement of the subscribed for sub-fund.

## REDEMPTIONS

Shareholders may effect a redemption of Shares at the Net Asset Value per Share less an appropriate provision for Duties and Charges on any Dealing Day, provided that a written redemption request is signed by the Shareholder and received by the Administrator no later than the Dealing Deadline on the relevant Dealing Day in accordance with the provisions of the "**Subscriptions, Valuations and Redemptions**" section of the Prospectus. Settlement for cash transactions will take place in accordance with the Prospectus and settlement of in-kind transactions will take place within 10 Business Days of the relevant Dealing Day.

As per the provisions set out in the Prospectus, redemptions proceeds (in-kind and/or in cash) will only be released where the Administrator holds full original anti-money laundering documentation.

## FEES AND EXPENSES

For details of the fees and expenses payable by the Fund please refer to the "**Fees and Expenses**" section in the prospectus.

The total annual fees and operating expenses of the Classes (except for transaction charges and taxes or duty charges for portfolio re-balancing, all of which are paid separately out of the assets of the Fund) (the "**Total Expense Ratio**" or "**TER**") are shown in the table below. The TER shall accrue daily and be payable monthly in arrears. The Management Company will absorb (by reimbursement to the account of the Fund) any additional fees, costs or expenses over the Total Expense Ratio. The fees, costs and expenses which the Total Expense Ratio covers are set out in the next paragraph.

| Class | TER per annum of the Net Asset Value of the Class |
|---|---|
| Base Currency and unhedged Share Classes | Up to 0.25% |
| Hedged Share Classes | Up to 0.28% |

Fees, costs and expenses paid from the TER may include, but are not limited to, fees and expenses paid to the Management Company, Investment Manager, Administrator, Depositary, regulators, auditors, any delegates or agents of the Company, as applicable, and certain legal costs of the Company, including establishment expenses.

Where cash is the method of payment, a Direct Dealing (Cash Transaction) Fee of up to 3% of subscription and redemption monies may be applicable when dealing directly with the Fund for Shares.

## THE CLASSES OF SHARES

The Fund has different Classes of Shares which are described in "**The Shares**" section of the Prospectus. Only certain Classes of shares may be available for subscription as at the date of the Supplement. Additional Classes of Shares may be added in the future in accordance with the requirements of the Central Bank. An up-to-date list of launched Classes and Classes available to purchase can be obtained from the registered office of the Investment Manager.

| Class | Type | Distribution Policy | ISIN |
|---|---|---|---|
| USD | A Class denominated in the Base Currency | Accumulating | |
| CHF Hedged | A CHF Hedged Class | Accumulating | |
| EUR Hedged | A EUR Hedged Class | Accumulating | |
| GBP Hedged | A GBP Hedged Class | Accumulating | |
| USD Hedged | A USD Hedged Class | Accumulating | |
| USD | A Class denominated in the Base Currency | Distributing | |
| CHF Hedged | A CHF Hedged Class | Distributing | |
| EUR Hedged | A EUR Hedged Class | Distributing | |
| GBP Hedged | A GBP Hedged Class | Distributing | |
| USD Hedged | A USD Hedged Class | Distributing | |

Distributing Shares will generally pay dividends on a quarterly basis in January/February, April/May, July/August and October/November in accordance with the section of the Prospectus entitled "**Distribution Policy**".

Information on currency hedged Classes is provided under the "**Currency Transactions**" section of the Prospectus.

Shares are freely transferable subject to and in accordance with the provisions of the Articles and as set out in the Prospectus.

The settlement of Shares is centralised in an ICSD structure. Shares will not generally be issued in Dematerialised Form and no temporary documents of title or share certificates will be issued, other than the global certificate issued to the Common Depositary's Nominee which is required for the ICSD settlement model (the ICSD being the Recognised Clearing and Settlement System through which the Shares will be settled). Where Shares are issued in Dematerialised Form in one or more Recognised Clearing and Settlement Systems, redemption of these Shares can only be completed by the delivery of those Shares back through that Recognised Clearing and Settlement Systems. Other than the global certificate issued to the Common Depositary's Nominee, no individual certificates for Shares will be issued by the Company. The Directors may, in their absolute discretion, refuse to accept any subscription for Shares, in whole or in part.

The Shares will be admitted to the official list of the United Kingdom Listing Authority pursuant to Chapter 16 of the UK Listing Rules and admitted to trading on the main market of the London Stock Exchange. The Company is a recognised scheme in the UK for the purposes of the Financial Services and Markets Act 2000, as amended or re-enacted from time to time.

## INDEX DESCRIPTION

*This section is a summary of the principal features of the MSCI World Small Cap Selection Screens Index (the **"Index**") and is not a complete description of the Index.*

**General**

The Fund will aim to replicate the net total return performance of the Index.

The Index is an equity index based on the Parent Index, which offers a representation of developed equity markets worldwide, as determined by the Index Provider. The small-cap market coverage in the Index is derived from the Parent Index by applying the Index Provider's criteria on free-float adjustment,

size & liquidity. Further information is set out in the MSCI Global Investable Market Index methodology, which can be found at: https://www.msci.com/index-methodology.

The Index is constructed from the Parent Index by screening all securities of companies and excluding securities with exposure (as defined by the Index Provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index Provider and set out in the Index methodology and which may be amended from time to time):

- controversial weapons;
- conventional weapons/civilian firearms;
- nuclear weapons;
- adult entertainment;
- genetically modified organisms;
- alcohol;
- gambling;
- nuclear power;
- fossil fuel reserves ownership;
- fossil fuel extraction;
- thermal coal power; and
- tobacco,

(the "**ESG Exclusionary Criteria**").

**MSCI ESG Leaders methodology**

Following application of the ESG Exclusionary Criteria, the Index applies the MSCI ESG Leaders methodology (which is available on the Index Provider's website) to achieve its ESG objective.

The MSCI ESG Leaders methodology is applied with the aim to ensure the inclusion in the Index of best-in-class companies from an ESG perspective by selecting companies which have high ESG ratings relative to their sector peers. In applying the MSCI ESG Leaders methodology, the Index targets sector weights that reflect the relative sector weights of the Parent Index to limit the systematic risk introduced by the ESG selection process. Overall, the Index targets 50% coverage of the sectors included in the Parent Index.

The MSCI ESG Leaders methodology is applied so that eligible securities of the Index following the application of ESG Exclusionary Criteria are: (i) weighted and ranked on the basis of their ESG score (as determined by the MSCI ESG Leaders scoring system); and (ii) then selected in the following order until the target 50% coverage of the sectors included in the Parent Index is reached:

firstly, securities in the top 35% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 35%;

- then, 'AAA' and 'AA' rated securities in the top 50% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 50%;
- then, current Index constituents in the top 65% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 65% if that security is a current Index constituent; and
- lastly, the remaining eligible securities in the ranked universe.

Existing constituents of the Index are maintained in the eligible universe if they meet all the following conditions:

- MSCI ESG Rating of 'BB' or above;
- MSCI ESG Controversies Score* of 1 or above; and
- they have not been screened by the business involvement criteria.

*MSCI ESG Controversies Scores assess controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services. For more detail, please refer to: https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b.

The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

**Publication of the Index**

The Index is calculated on a daily basis at closing prices using the official closing stock market prices for the constituent stocks. Further information about the Index, its components, its rebalancing frequency and its performance is available at: https://www.msci.com/constituents (for Index constituents and other information) and https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index Provider. Information on the Index methodology is available on the website above.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Asia Pacific ex Japan ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Asia Pacific ex Japan Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes

☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the Bloomberg MSCI Global Aggregate 1-3 SRI Carbon ESG-Weighted Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this by excluding issuers based on sustainability exclusionary criteria and weighting issuers to increase the exposure to those with favourable MSCI ESG ratings; and

- Support the transition to a lower carbon economy by excluding issuers with carbon intensity above limits set by the index provider.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:
- MSCI ESG rating of the Fund, relative the Parent Index, whereby the MSCI ESG rating of the Fund is expected to be higher than that of the Parent Index; and
- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and an improvement of the MSCI ESG Rating. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Bloomberg (BBG) index is constructed using a combination of BBG and MSCI data. The MSCI proprietary data on each securities business involvement is used to initially screen securities for eligibility in the Index. Business Involvement Screening Research (BSIR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10). Securities involved in Thermal coal mining and generation, Oil & Gas, are also screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. The methodology uses the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities (minimum BB rating). These scores are used to apply tilt factors to reduce weight to the securities with the lowest ESG sore and increase weight to those securities with robust ESG characteristics.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Bloomberg (BBG) index is constructed using a combination of BBG and MSCI data. One of the MSCI models the Index methodology incorporates is the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes.

The Bloomberg (BBG) index is constructed using a combination of BBG and MSCI data. The MSCI proprietary data on each securities business involvement is used to initially screen securities for eligibility in the Index. Business Involvement Screening Research (BSIR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10). Securities involved in GHG Emissions and Intensity, Fossil fuels, Carbon and Energy, (PAI 1, 2, 3, 4) are also screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. The methodology uses the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities (minimum BB rating). These scores are used to apply tilt factors to reduce weight to the securities with the lowest ESG score and increase weight to those securities with robust ESG characteristics.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index. The Fund will use optimisation techniques which take account of tracking error and trading costs when constructing a portfolio.

The Index seeks to achieve a carbon emissions reduction and an improvement of the MSCI ESG rating.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. The weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the Index methodology, which is determined by its MSCI ESG Rating.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The following types of issuers are removed from the Index on an ongoing basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

MSCI ESG Rating
a. issuers with an MSCI ESG Rating of lower than BB;
b. issuers with an ESG Pillar Score of less than 2;
c. unrated issuers from sectors with ratings;

Business Involvement Screens
-issuers involved in the following business activities: (i) adult entertainment; (ii) alcohol; (iii) gambling; (iv) tobacco; (v) conventional weapons; (vi) civilian firearms; (vii) nuclear weapons; (viii) controversial weapons; (ix) nuclear power; (x) fossil fuels; (xi) thermal coal extraction and generation; (xii) non-compliance with UN Global Compact Principles;(xii) genetically modified organisms; and (xiv) MSCI Controversies.
The above exclusions are aligned with the exclusions for EU Paris-aligned Benchmarks as detailed in Article 12(1)(a) – (g) of Commission Delegated Regulation (EU) 2020/1818.

Carbon Intensity Screen
-A carbon intensity screen is then applied, and issuers with Scope 1 and 2 sales-based carbon intensity of 750mn metric tons or higher are excluded.

Tilt Factors
-The weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the index methodology, which is determined by its MSCI ESG Rating.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the

designated index be found?" section of this document

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

  The Fund does not have an committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

  The Bloomberg (BBG) index is constructed using a combination of BBG and MSCI data. The index methodology incorporates both MSCI ESG Controversies and MSCI ESG Ratings models. MSCI captures good governance practices through these two models. Specifically, MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

  Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

  Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

  Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

  Further information is available on request.

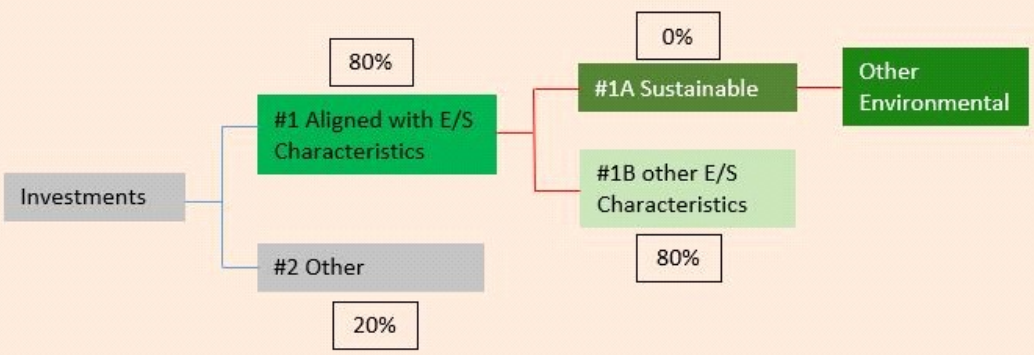
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other")

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 0% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

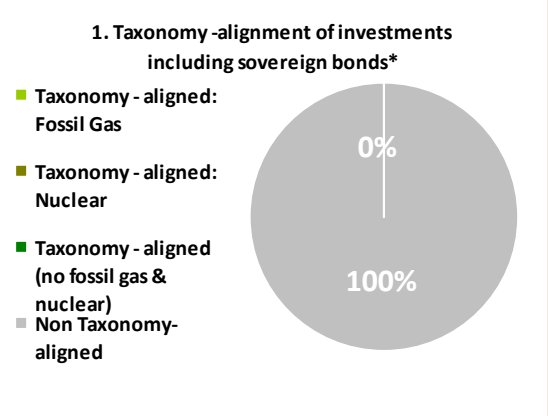
☐ yes ☐ in fossil gas ☐ In nuclear energy

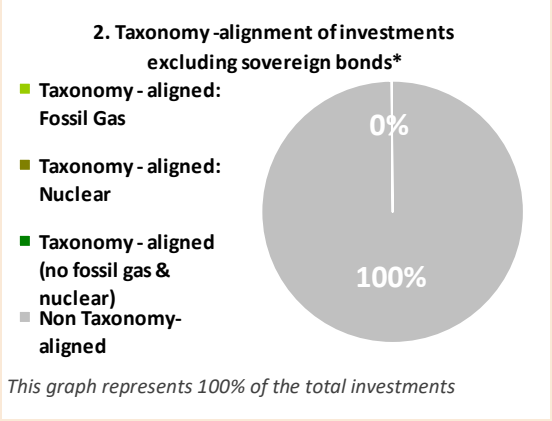
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as Eligible Collective Investment Schemes and/or financial derivative instruments may be used for hedging and efficient portfolio management, and securitized assets, such as Mortgage-Backed Securities, Asset-Backed Securities and Commercial Mortgage-Backed Securities may be held, in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the Bloomberg MSCI Global Aggregate 1-3 SRI Carbon ESG-Weighted Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The following types of issuers are removed from the Index on an ongoing basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

  Issuers with MSCI ESG Ratings lower than BB, issuers with an ESG Pillar score of less than 2, unrated issuers from sectors with ratings. The index also negatively screens issuers that are involved in business activities that are restricted because they are inconsistent with certain values-based business involvement criteria, including activities with high carbon intensity or related to controversial weapons, and those issuers with a "red" MSCI ESG Controversy Score.

  The weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the Index methodology, which is determined by its MSCI ESG Rating.

  On a monthly basis the weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the Index methodology, which is determined by its MSCI ESG Rating.

  The Index will be rebalanced on a monthly basis in order to account for the eligibility criteria.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the Bloomberg MSCI Global Aggregate 1-3 SRI Carbon ESG-Weighted Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

  The Index will be rebalanced on a monthly basis in order to account for the eligibility criteria.

- **How does the designated index differ from a relevant broad market index?**

  The Index seeks to achieve a reduction in carbon emissions and an improvement of the MSCI ESG rating against that of the Bloomberg Global Aggregate 1-3 Year Index.

  The Index achieves this by removing, on a monthly basis, securities based on sustainability exclusionary criteria. The following types of issuers are removed from the Index on an ongoing basis due to the sustainability exclusionary criteria and some criteria may apply thresholds:

  MSCI ESG Rating
  Business Involvement Screens
  Issuers with a "red" MSCI ESG Controversy score (i.e. less than 1).
  Carbon emissions intensity

  The weight of each constituent issuer is adjusted by a fixed multiplier, as set out in the Index methodology, which is determined by its MSCI ESG Rating. Each constituent is capped at 2% by market value.

- **Where can the methodology used for the calculation of the designated index be found?**

  www.bloomberg.com/professional/product/indices/bloomberg-barclays-indices/#/ucits.

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Developed ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Developed Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund relative to the Parent Index whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and
  - Carbon intensity and fossil fuel reserves exposure of the Fund relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts ("PAI") metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

  - Improve our understanding of company business and strategy

- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
b. companies identified as involved in the manufacturing of tobacco products;
c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;

d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

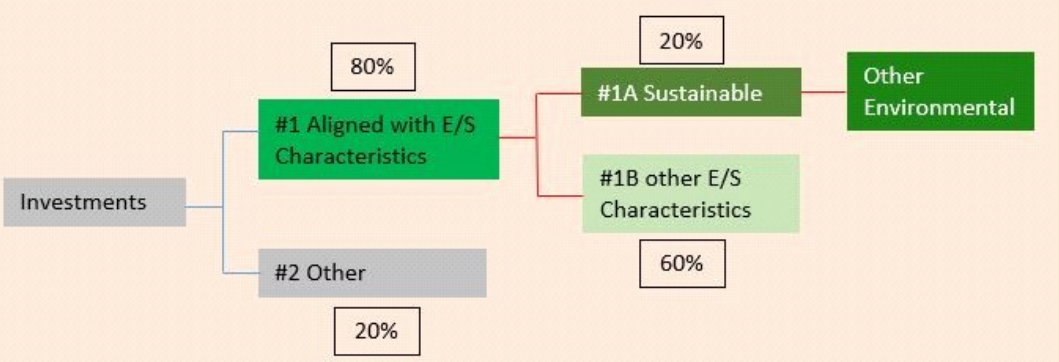
Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").
At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 20% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

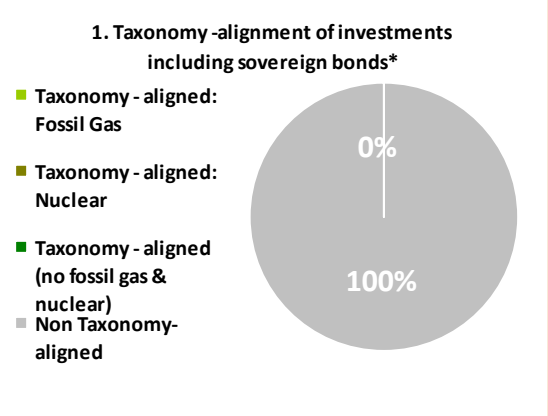
☐ yes ☐ in fossil gas ☐ In nuclear energy

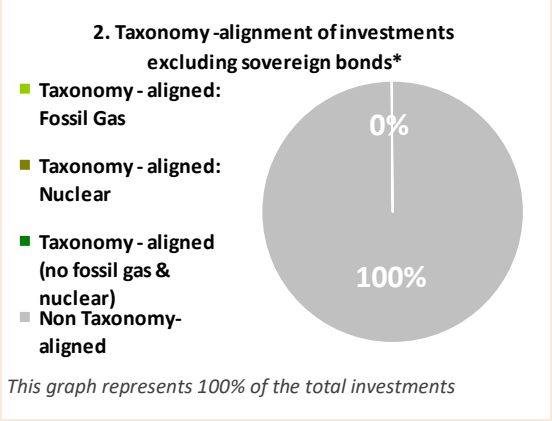
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes.

The Fund will aim to replicate the net total return performance of the FTSE Developed ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Developed ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Developed Index and aims to measure the performance of companies in developed countries as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Emerging ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Emerging Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and
  - Carbon intensity and fossil fuel reserves exposure of the Fund relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts ("PAI") metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

  - Improve our understanding of company business and strategy

- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

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We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity,publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
b. companies identified as involved in the manufacturing of tobacco products;
c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;

d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

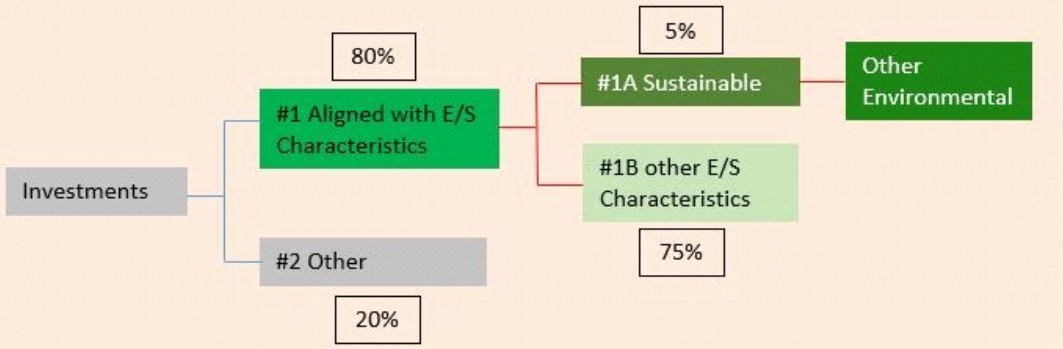
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

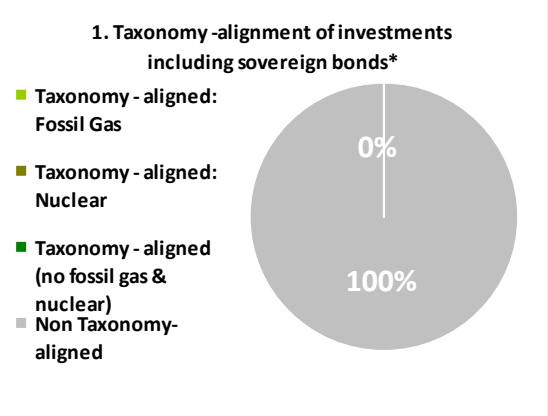
☐ yes ☐ in fossil gas ☐ In nuclear energy

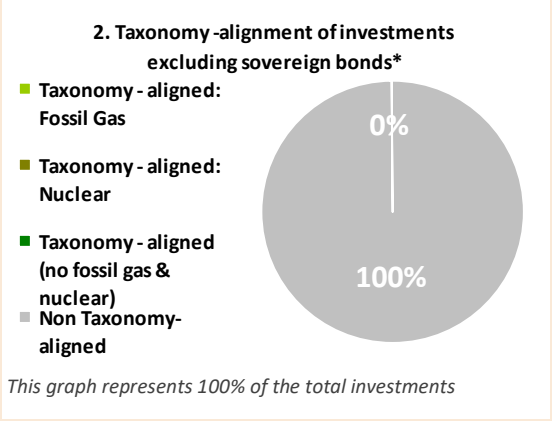
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the FTSE Emerging ESG Low Carbon Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Emerging ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Emerging Index and aims to measure the performance of companies in emerging markets as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Developed Europe ex UK ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Developed Europe ex UK Index (the "Parent Index"); and

- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights

companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating relative to the Parent Index whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and

  - Carbon intensity and fossil fuel reserves exposure of the Fund relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts (“PAI”) metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement

objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

- Improve our understanding of company business and strategy

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- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);

b. companies identified as involved in the manufacturing of tobacco products;
c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

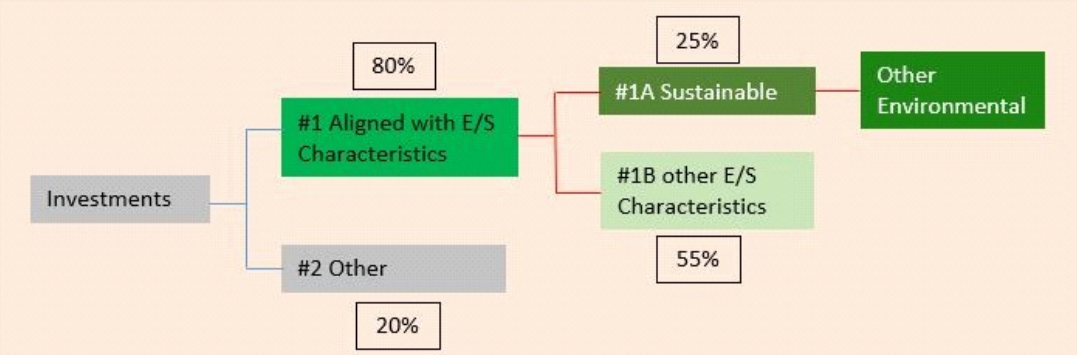
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 25% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

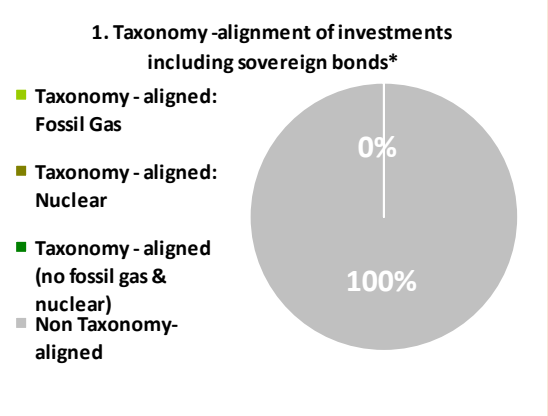
☐ yes ☐ in fossil gas ☐ In nuclear energy

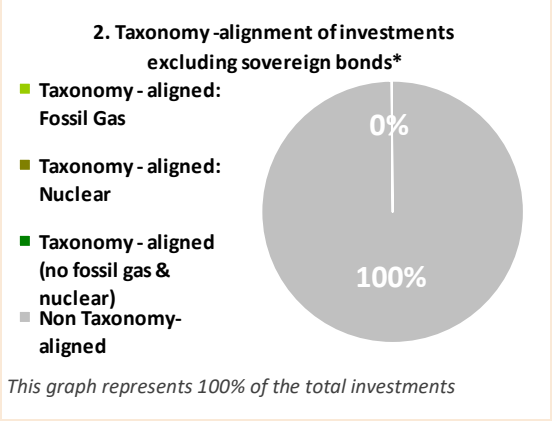
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes.

The Fund will aim to replicate the net total return performance of the FTSE Developed Europe ex UK ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Developed Europe ex UK ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Developed Europe ex UK Index and aims to measure the performance of companies in developed countries in Europe ex UK as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell environmental, social and governance ("ESG") ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

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Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Developed Europe ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Developed Europe Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG score relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and
  - Carbon intensity and fossil fuel reserves exposure of the Fund, relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts (“PAI”) metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

  - Improve our understanding of company business and strategy

- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

- Improve our understanding of company business and strategy
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We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
b. companies identified as involved in the manufacturing of tobacco products;
c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;

d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria. The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

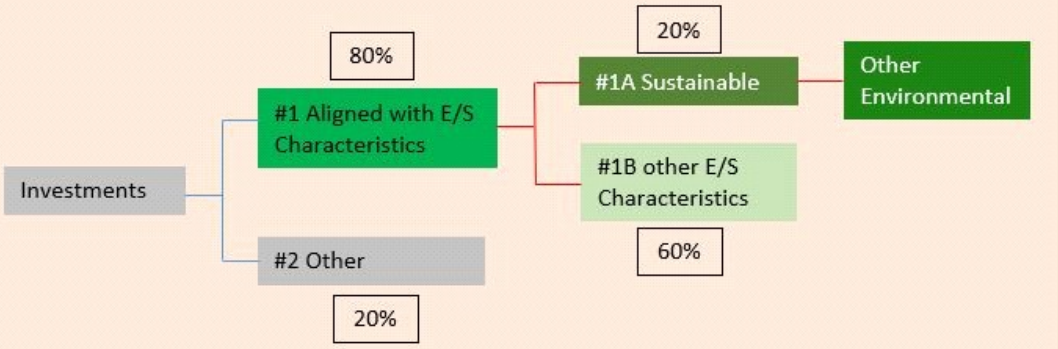
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 20% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

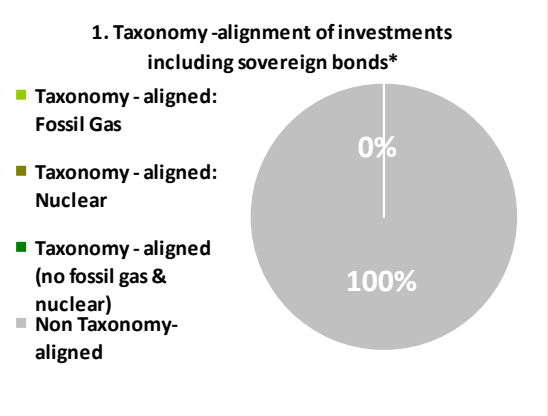
☐ yes ☐ in fossil gas ☐ In nuclear energy

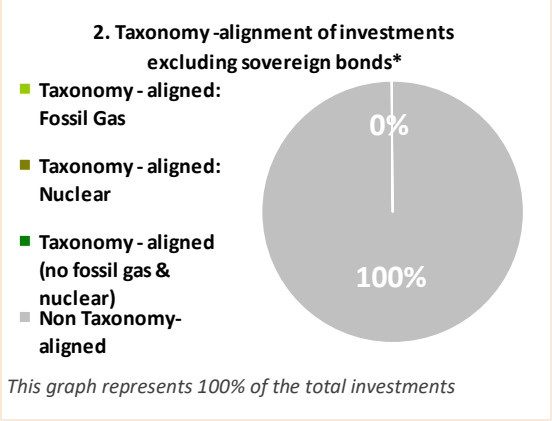
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the FTSE Developed Europe ESG Low Carbon Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Developed Europe ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Developed Europe Index and aims to measure the performance of companies in developed countries in Europe as defined by the Index provider. As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- ☐ Yes
- ☑ No

- ☐ **It will make a minimum of sustainable investments with an environmental objective:_%**
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ **It will make a minimum of sustainable investments with a social objective:_%**

- ☑ **It promotes Environmental/Social (E/S) characteristics**
  and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 21.00% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE EPRA NAREIT Developed Green EU PAB Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and Pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- Seeking an increase in green building certification and energy usage reduction;

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the targets set out below in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Index and therefore that of the Fund, specifically measuring:

- ESG score relative to the Parent Index; and
- Carbon Emissions and fossil fuel reserves exposure relative to the Parent Index (as measured as Carbon Intensity).

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower carbon economy while aligning with the Paris Agreement requirements and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. In doing so, the Index excludes companies involved in certain business activities. In addition, the Index also applies green building certification and energy usage targets

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.
The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities. By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective. Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credibleemission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues. No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused

on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:
- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the lowcarbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9).Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:
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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is constructed from the FTSE EPRA Nareit Global Developed Index (the "Parent Index"), The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower carbon economy while aligning with the Paris Agreement requirements. In doing so, the Index excludes companies involved in certain business activities. In addition, the Index also applies green building certification and energy usage targets.

As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 7% per annum.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements are as follows:

At each index review date, companies with the activities and conduct listed below are excluded from the eligible universe. Data is sourced from Sustainalytics:

Baseline exclusions

- Controversial weapons – 0%.
- Tobacco –0%.

Climate activity exclusions

- Thermal Coal Power Generation – 0%.
- Thermal Coal extraction – 0%.
- Thermal Coal Supporting Services – 0%.
- Oil & Gas Generation – 0%.

Conduct-related exclusions

- Non-compliance with UN Global Compact Principles.
- Non-compliance with the principles of Do No Significant Harm.

Constituents are weighted based on a target exposure weighting methodology; specifically, the FTSE EPRA Nareit Developed Green EU PAB Index targets a 50% GHG emissions intensity reduction, 7% minimum average GHG emissions intensity reduction relative to previous year after inception, thereby implementing a clear and measurable path to environmental transition, 30% Green certificate increase and 10% energy consumption reduction.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates conduct-related exclusions for companies that fail to meet globally accepted norms and standards relating to UN Global Compact Principles. Companies are assessed for violations across a number of principles relating to good governance such as "anti-corruption", "human rights" and "labor standards", among others, which enable the assessment of investee companies for good governance.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

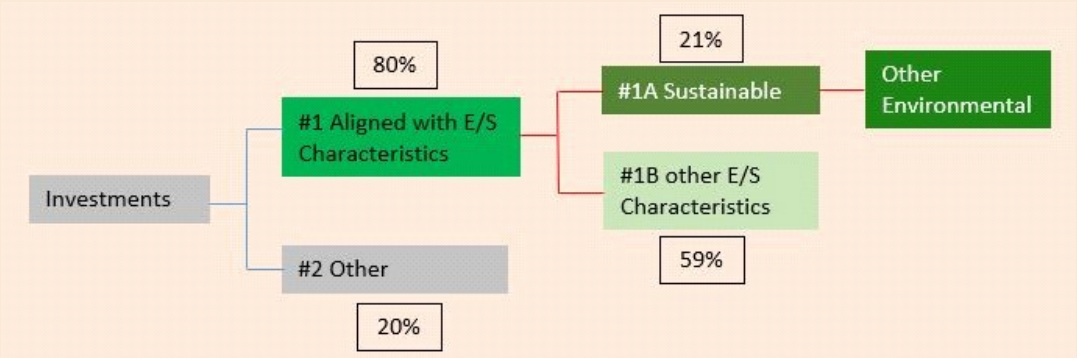
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 21% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The Fund will not use derivatives to attain the environmental and/or social characteristics of the Fund.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

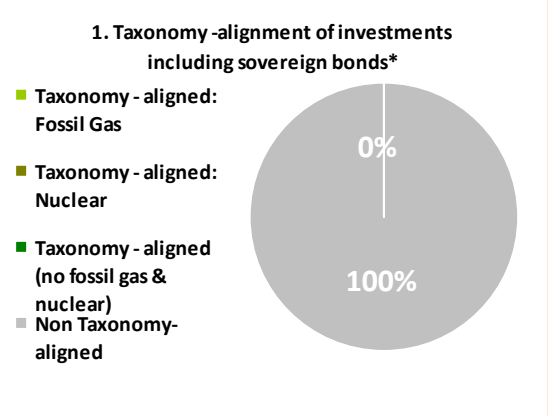
☐ yes ☐ in fossil gas ☐ In nuclear energy

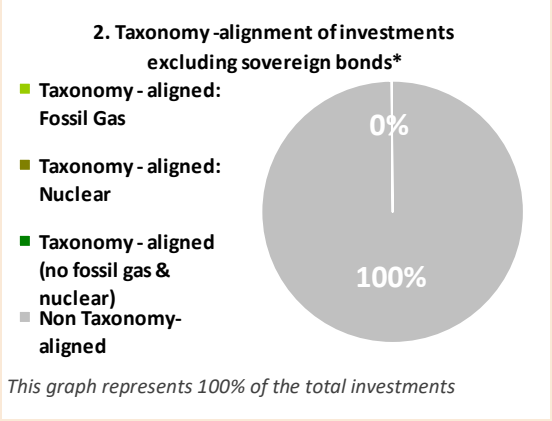
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the FTSE EPRA NAREIT Developed Green EU PAB Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is based on the FTSE EPRA Nareit Developed Index (the ""Parent Index"") and follows the FTSE EPRA Nareit Green Index Series ground rules. At each index rebalance date, companies with the activities and conduct listed below are excluded from the eligible universe. Data is sourced from Sustainalytics:

  Baseline exclusions

  - Controversial weapons – 0%.
  - Tobacco –0%.

  Climate activity exclusions

  - Thermal Coal Power Generation – 0%.
  - Thermal Coal extraction – 0%.
  - Thermal Coal Supporting Services – 0%.
  - Oil & Gas Generation – 0%.

  Conduct-related exclusions

  - Non-compliance with UN Global Compact Principles.
  - Non-compliance with the principles of Do No Significant Harm.

  Constituents are weighted based on a target exposure weighting methodology; specifically, the FTSE EPRA Nareit Developed Green EU PAB Index targets a 50% GHG emissions intensity reduction, 7% minimum average GHG emissions intensity reduction relative to previous year after inception, 30% Green certificate increase and 10% energy consumption reduction.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on an annual basis and carried out according to the published rules governing the management of the Index as set out by FTSE Russell.

- **How does the designated index differ from a relevant broad market index?**

  The Fund will aim to replicate the net total return performance of the Index.

  The Index is based on the FTSE EPRA Nareit Developed Index (the ""Parent Index"") and follows the FTSE EPRA Nareit Green Index Series ground rules. At each index review date, companies with the activities and conduct listed below are excluded from the eligible universe. Data is sourced from Sustainalytics:

  Baseline exclusions

  - Controversial weapons – 0%.
  - Tobacco –0%.

Climate activity exclusions

- Thermal Coal Power Generation – 0%.
- Thermal Coal extraction – 0%.
- Thermal Coal Supporting Services – 0%.
- Oil & Gas Generation – 0%.

Conduct-related exclusions

- Non-compliance with UN Global Compact Principles.
- Non-compliance with the principles of Do No Significant Harm.

Constituents are weighted based on a target exposure weighting methodology; specifically, the FTSE EPRA Nareit Developed Green EU PAB Index targets a 50% GHG emissions intensity reduction, 7% minimum average GHG emissions intensity reduction relative to previous year after inception, thereby implementing a clear and measurable path to environmental transition, 30% Green certificate increase and 10% energy consumption reduction. Moreover, the index takes into consideration constraints, including country and industry banding constraints

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.lseg.com/en/ftse-russell/indices/epra-nareit-green

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE Japan ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE Japan Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund, relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and

  - Carbon intensity and fossil fuel reserves exposure of the Fund relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts (“PAI”) metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or

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- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

  a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
  b. companies identified as involved in the manufacturing of tobacco products;
  c. companies identified as involved in providing tailor-made products and/or services, or

tailor-made components for conventional military weapons;
d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

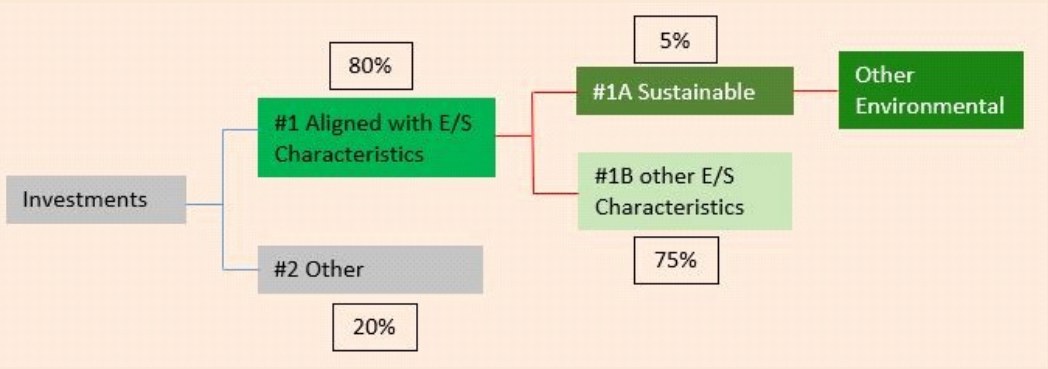
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of

its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover**
reflecting the share of revenue from green activities of investee companies
**- capital expenditure**
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

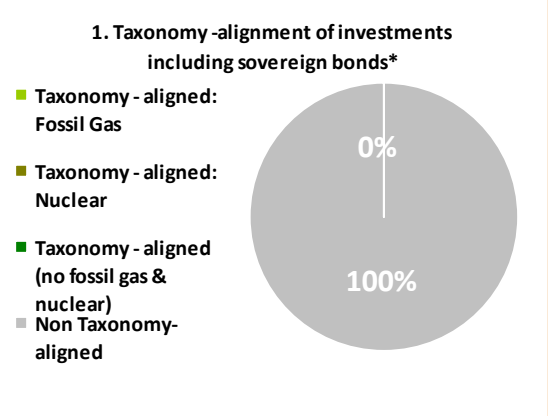
☐ yes ☐ in fossil gas ☐ In nuclear energy

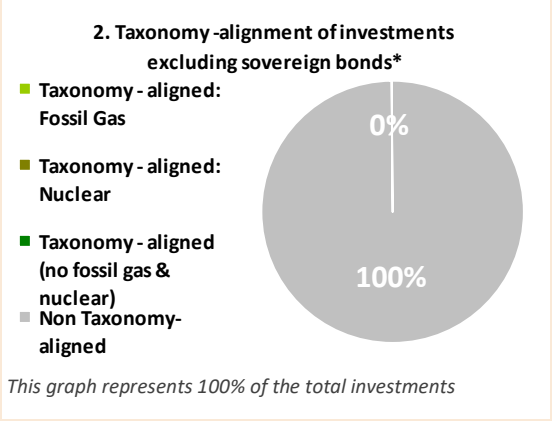
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the FTSE Japan ESG Low Carbon Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Japan ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Japan Index and aims to measure the performance of companies in Japan as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI AC Asia Pacific ex Japan Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria, and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- Carbon intensity of the Fund relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission

reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;opportunities and reduce the weight of companies which are exposed to

climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, which is incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

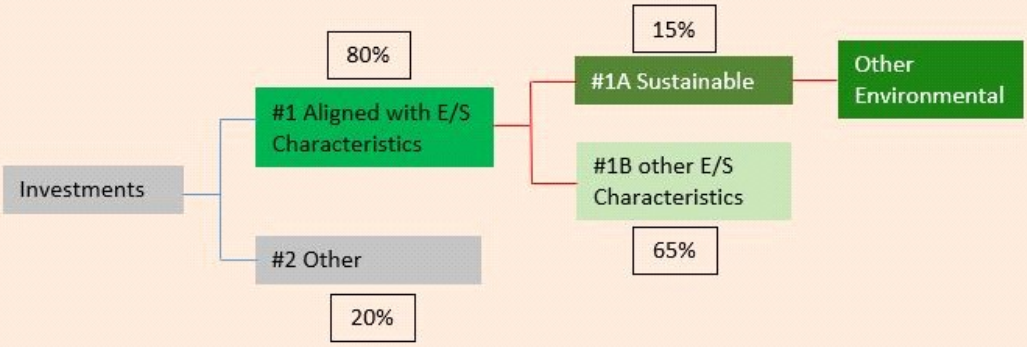
## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other")

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 15% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

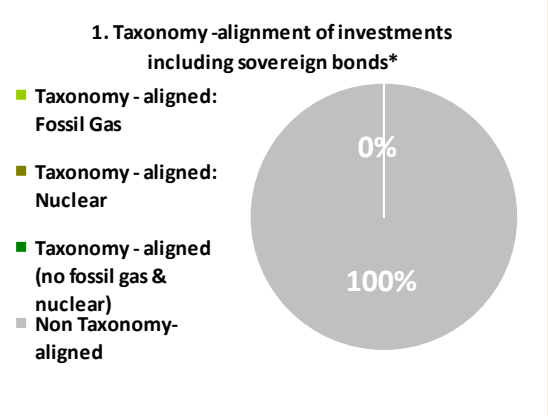
☐ yes ☐ in fossil gas ☐ In nuclear energy

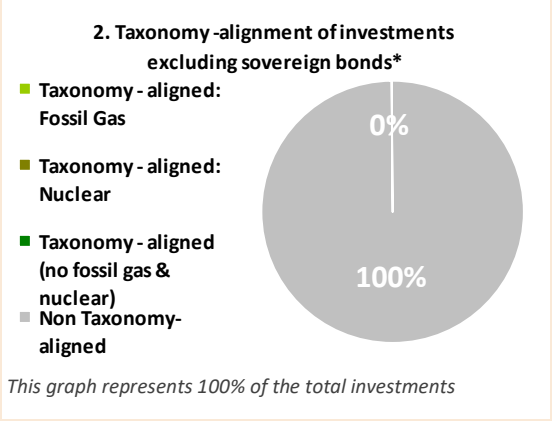
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI AC Asia Pacific ex Japan Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI AC Asia Pacific ex-Japan Index, and includes companies from certain Developed and Emerging Market countries in the Asia Pacific region (excluding Japan), as determined by the Index provider.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;

· reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
· shift index weight from "brown" to "green" using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Emerging Markets Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission

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No optional indicators are taken into account.

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**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

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The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider’s website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, which is incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

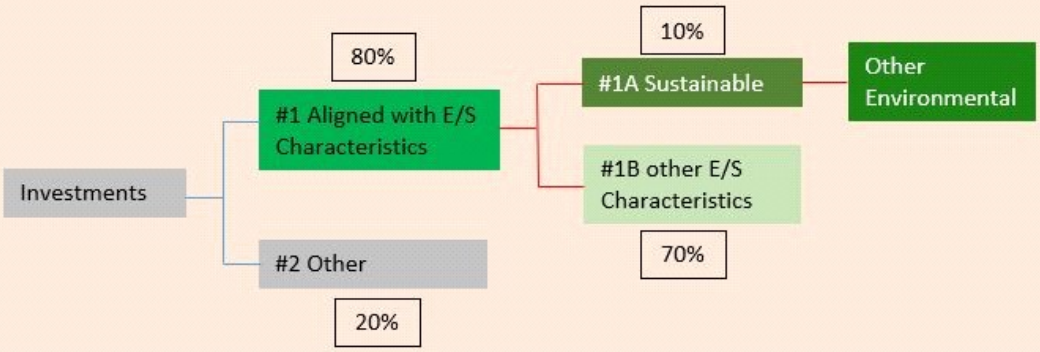
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”)

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 10% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover**
reflecting the share of revenue from green activities of investee companies
**- capital expenditure**
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

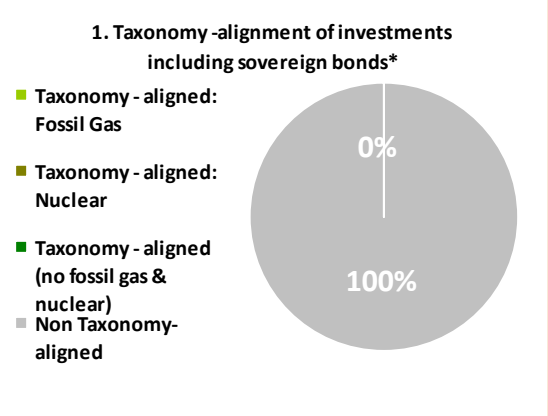
☐ yes ☐ in fossil gas ☐ In nuclear energy

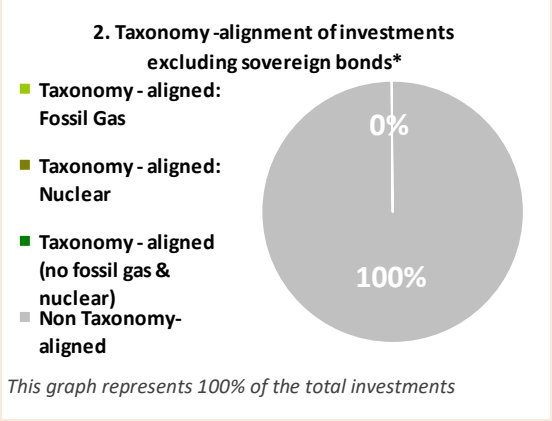
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Emerging Markets Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Emerging Markets Index, and includes large and mid-cap securities across Emerging Market (EM) countries, as determined by the Index provider.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;

· reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;
· shift index weight from "brown" to "green" using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI EM (Emerging Market) Islamic Universal Screened Select Capped Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waster, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI Emerging Markets Islamic Index (the "Parent Index").

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the

environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the MSCI ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings . By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts (“PAI”) indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UN Global Compact (“UNGC”) Principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each security business involvement. As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the

Index methodology) to any of the certain characteristics.

2. The Index applies the MSCI Universal Indexes Methodology in the construction of the Index in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria:

· Controversial weapons;
· Nuclear weapons;
· Civilian firearms;
· Tobacco
· Thermal Coal power;
· Thermal Coal mining;
· Oil Sands extraction;
· Oil Sands Reserves Ownership; and
· All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their Parent Index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

The Index is constructed by excluding securities based on the following criteria:

· Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
· Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
· Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
· Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

  The Fund does not have a committed minimum rate to reduce the scope of investments.

- **What is the policy to assess good governance practices of the investee companies?**

  MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

  Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

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  Further information is available on request.

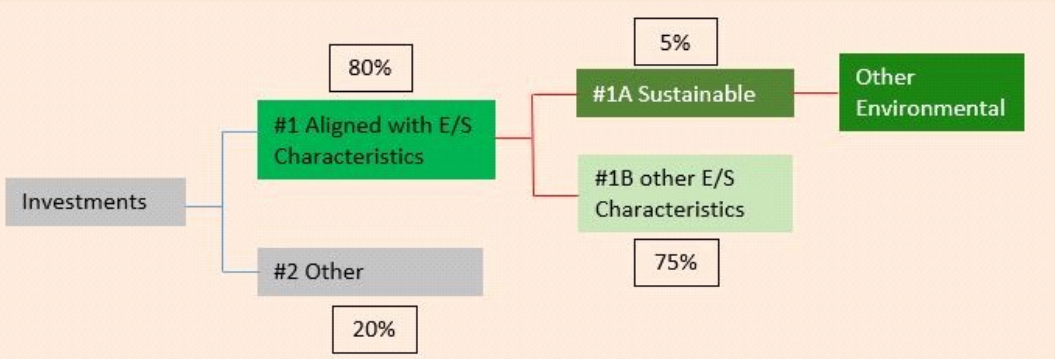
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

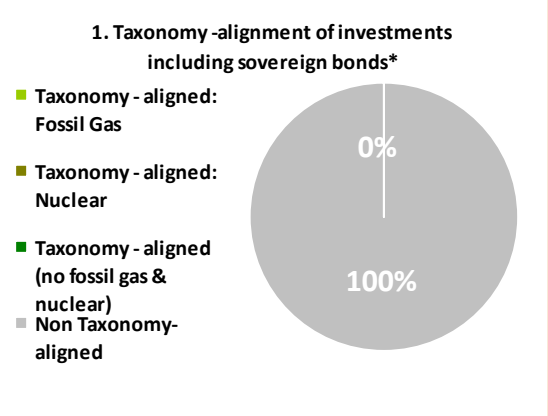
☐ yes ☐ in fossil gas ☐ In nuclear energy

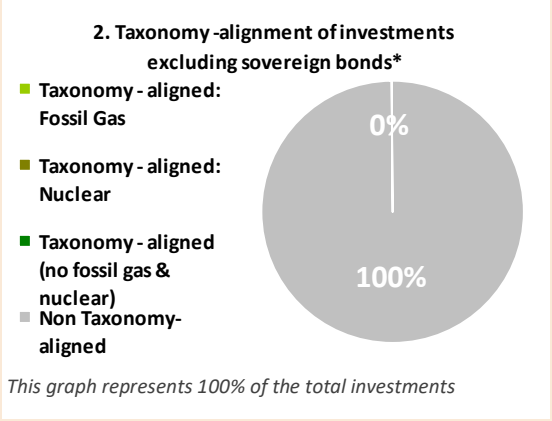
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other Shariah-compliant instruments such as financial derivative instruments may be used for liquidity and hedging purposes in respect of which there are no minimum environmental and/or social safeguards.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes. The investment objective of the Fund is to replicate the performance of the MSCI EM (Emerging Market) Islamic Universal Screened Select Capped Index (USD unhedged, Total Net Return).

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by applying values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.
  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Emerging Markets Islamic Index (the "Parent Index") and which reflects Shariah investment principles and includes large-and mid-cap securities across 24 Emerging Markets (EM) countries, as determined by the Index provider.

  The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).
  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 2.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Emerging Markets Small Cap Universal Screens Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI Emerging Markets Index (the "Parent Index")

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the

environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings .

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts (“PAI”) indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies can be found on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3).

In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

In addition securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply

thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. The Index applies the MSCI Universal methodology (which is available on the Index provider's website) to achieve its ESG objective by re-weighting free-float market cap weights based upon certain ESG metrics, in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from their parent index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

· controversial weapons;
· conventional weapons/civilian firearms;
· nuclear weapons;
· adult entertainment;
· genetically modified organisms;
· alcohol;
· gambling;
· nuclear power;
· fossil fuel reserves ownership;
· fossil fuel extraction;
· thermal coal power; and
· tobacco.

Furthermore, the Index applies the MSCI Universal methodology (which is available on the Index provider's website) to achieve its ESG objective.

To achieve this, the Index provider applies the following steps: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index.

The Index is constructed by excluding securities based on the following criteria:

· Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
· Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
· Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
· Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information on the Index methodology is available from the Index Provider's

website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

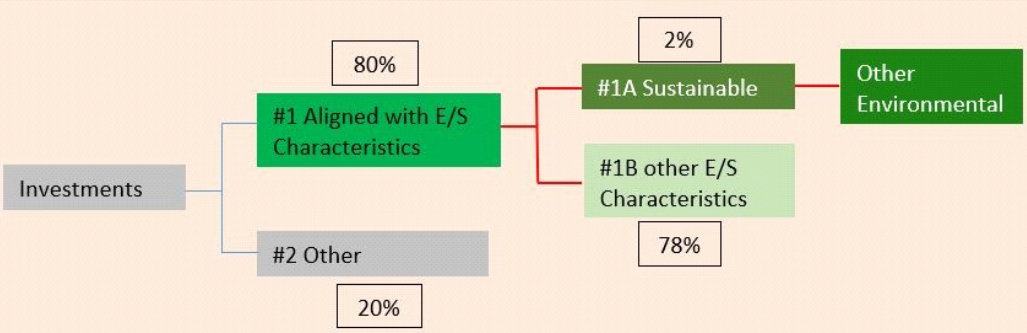
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”).

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 2% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

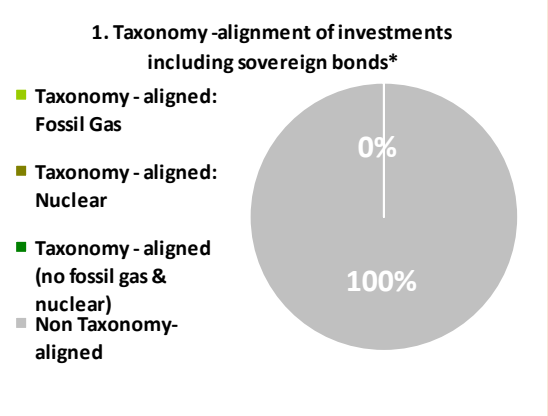
☐ yes ☐ in fossil gas ☐ In nuclear energy

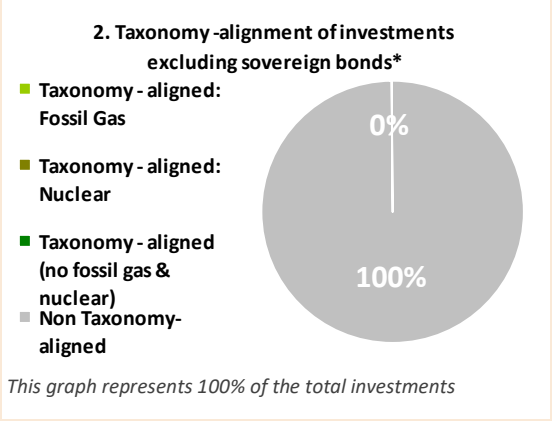
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Emerging Markets Small Cap Universal Screens Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI Universal methodology (which is available on the Index provider's website) to achieve its ESG objective.

  The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Emerging Markets Small Cap Index, which offers a representation of emerging markets equity markets worldwide, as determined by the Index provider. The small-cap market coverage in the Index is derived from the Parent Index by applying the Index provider's criteria on free-float adjustment, size & liquidity.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI Universal methodology (which is available on the Index provider's website) to achieve its ESG objective.

  To achieve this, the Index provider applies the following steps: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and

other information).

The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes

☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Emerging Markets Value Select Screens Advanced Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI Emerging Markets Index (the "Parent Index")

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and improves the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG rating of the Fund, relative the Parent Index, whereby the MSCI ESG rating of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and to improve the exposure to companies with favourable ESG ratings.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies can be found on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 13), Carbon and Sustainable Impact (Positive screening) (PAI 8,9).

In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).
In addition securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which

may be amended from time to time).

2. The Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective by maximizing the exposure to the target factor(s) less a penalty for the common factor and stock-specific risk characteristics of each potential constituent, as well as placing an upper bound on the predicted tracking error of the Index, in order to maximize the exposure to the target Factor along with 20% ESG score improvement of the Factor index relative to its parent market-cap weighted index

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

· controversial weapons;
· conventional weapons/civilian firearms;
· nuclear weapons;
· adult entertainment;
· genetically modified organisms;
· alcohol;
· gambling;
· nuclear power;
· fossil fuel reserves ownership;
· fossil fuel extraction;
· thermal coal power; and
· tobacco.

Furthermore, the Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective.

To achieve this, the Index provider applies the following steps:

At each Semi-Annual Index Review (SAIR), the following optimization constraints are employed, which aim to ensure investability while achieving improvement in ESG profile, subject to tracking error constraint relative to the Parent Index.
-The ex-ante tracking error of the Index, relative to the Parent Index will be capped at 3% - The weighted-average industry-adjusted ESG score of the Index portfolio will be at least 20% more than the weighted-average industry-adjusted ESG score of the Parent Index portfolio
- The maximum weight of an index constituent will be restricted to the lower of (the weight of the security in the Parent Index + 2%) and 10 times the weight of the security in the Parent Index. The minimum weight of an index constituent will be restricted to the higher of the (weight of the security in the Parent Index - 2%) and 0.
- The exposure of the MSCI Factor ESG Target Index to the non-target Barra style factors (factors not included in the calculation of alpha score) will be restricted to +/-0.25 standard deviations relative to the Parent Index
- The sector weights of the MSCI Factor ESG Target Index will not deviate more than +/¬ 5% from the sector weights of the Parent Index.
- For countries with weight greater than 2.5% in the Parent Index, the weight in the MSCI Factor ESG Target Index will not deviate more than +/-5% from the country weight in the Parent Index.
- For countries with weight less than 2.5% in the Parent Index, the weight in the MSCI

Factor ESG Target Index will be capped at 3 times their weight in the Parent Index.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

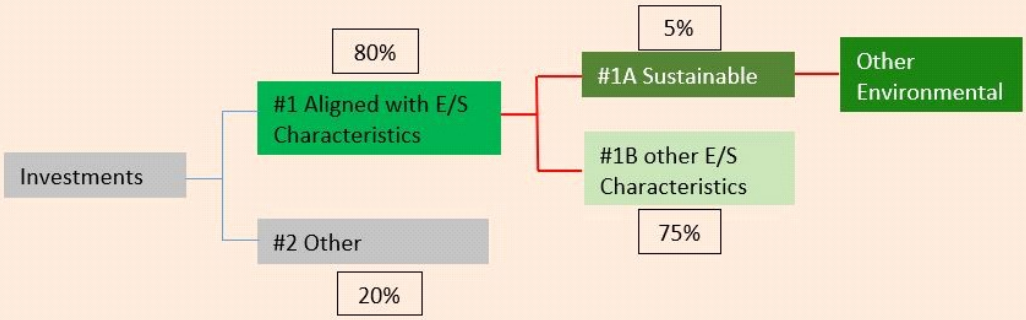
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:

**- turnover**
reflecting the share of revenue from green activities of investee companies
**- capital expenditure**
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

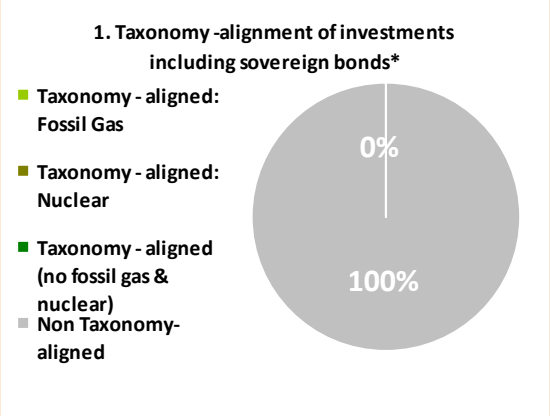
☐ yes ☐ in fossil gas ☐ In nuclear energy

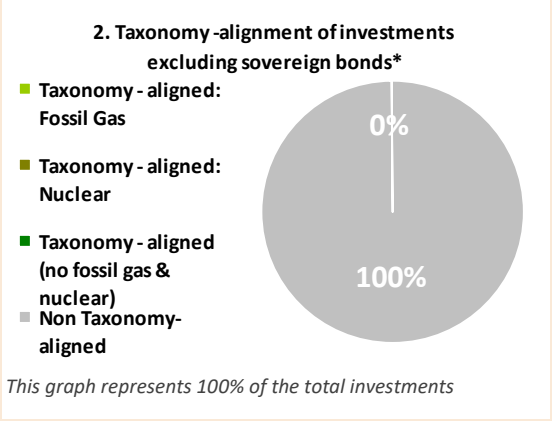
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Emerging Markets Value SRI ESG Target Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective.

  The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Emerging Markets Index, which represents emerging markets equity markets worldwide, as determined by the Index provider.

  The Index first excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index aims to maximise the exposure to the Value Factor along with a 20% ESG score improvement of the Index relative to the Parent Index.

  In order to maximise exposure to the Value Factor once the exclusionary criteria referred to above are applied, the Index provider will use an optimisation technique to determine the remaining securities in the Index using a proprietary factor model which seeks maximise the performance of each security in terms of the Value Factor in relation to the overall market, while minimising the ex-ante tracking error relating to the Parent Index. The proprietary factor model measures the exposure of each remaining security to the Value Factor using three value-specific variables (price-to-book value, price-to-forward earnings and enterprise value-to-cash flow from operations) and ranks the securities in such a way that Index comprises those securities providing maximum exposure to the Value Factor.

- **Where can the methodology used for the calculation of the designated index be found?**

https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Europe Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission

reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
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We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider’s website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have an committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, which is incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

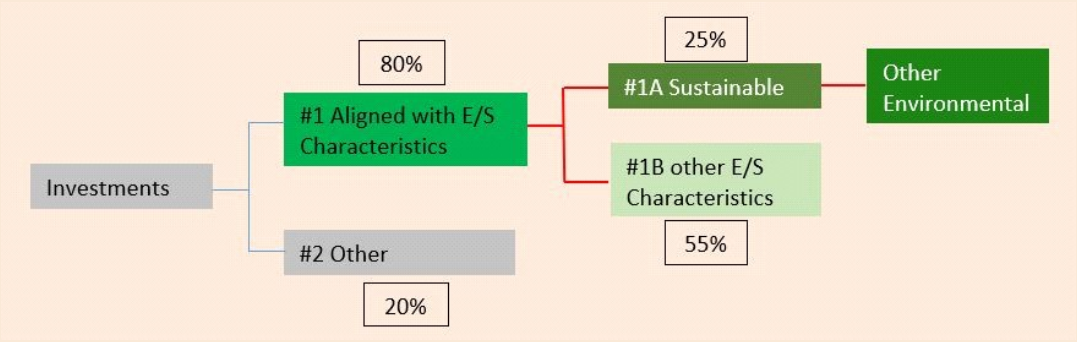
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”)

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 25% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover**
reflecting the share of revenue from green activities of investee companies
**- capital expenditure**
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

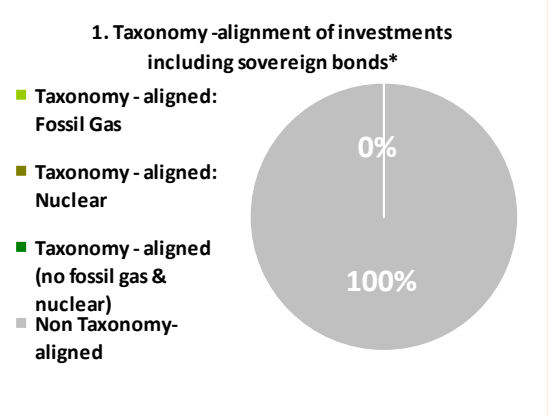
☐ yes ☐ in fossil gas ☐ In nuclear energy

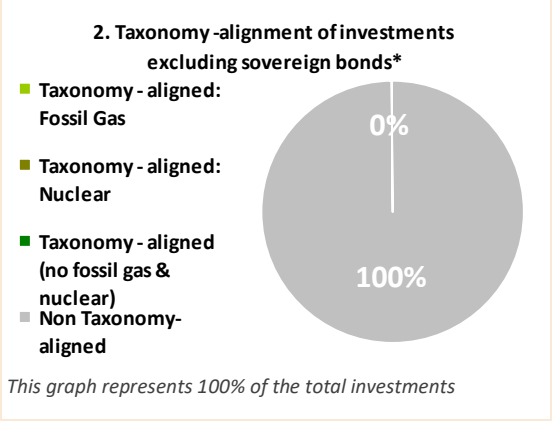
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Europe Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Europe Index, and includes large and mid-cap securities across 15 Developed Markets in Europe.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index's exposure to physical risk arising from extreme weather events by at

least 50%;
· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select ‘Funds’ from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**

and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Europe Islamic Universal Screened Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI Europe Islamic Index (the "Parent Index").

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the MSCI ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings . By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UN Global Compact ("UNGC") Principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each security business involvement. As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the certain characteristics.

2. The Index applies the MSCI Universal Indexes Methodology in the construction of the Index in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria:

· Controversial weapons;
· Nuclear weapons;
· Civilian firearms;
· Tobacco
· Thermal Coal power;
· Thermal Coal mining;
· Oil Sands extraction;
· Oil Sands Reserves Ownership; and
· All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their Parent Index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

The Index is constructed by excluding securities based on the following criteria:

· Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
· Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
· Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
· Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

  The Fund does not have an committed minimum rate to reduce the scope of investments.

- **What is the policy to assess good governance practices of the investee companies?**

  MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

  Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

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  Further information is available on request.

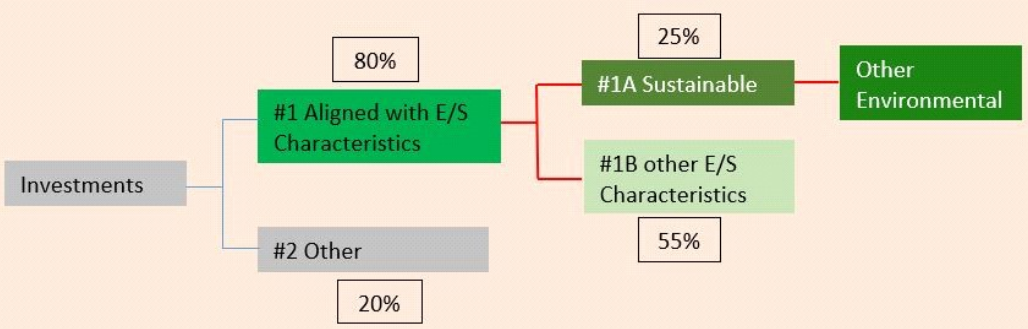
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 25% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

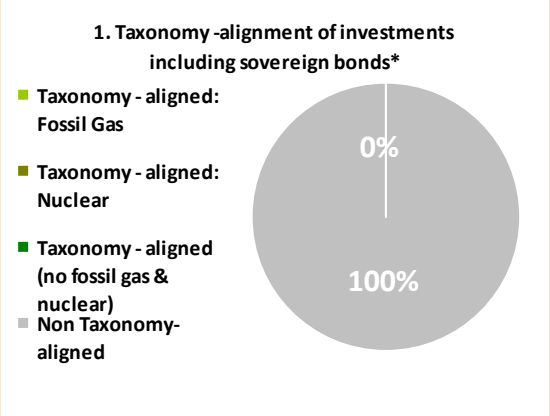
☐ yes ☐ in fossil gas ☐ In nuclear energy

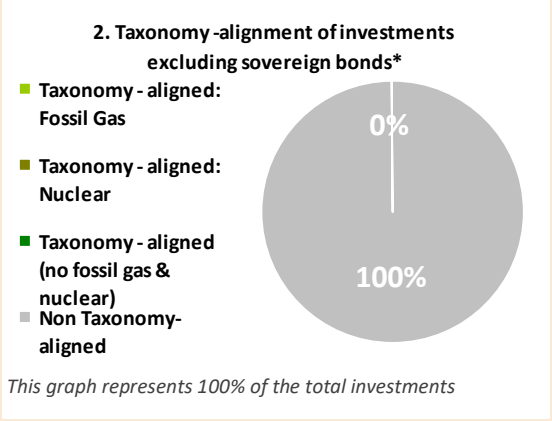
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other Shariah-compliant instruments such as financial derivative instruments may be used for liquidity and hedging purposes in respect of which there are no minimum environmental and/or social safeguards.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Europe Islamic Universal Screened Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by applying values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.
  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Europe Islamic Index and which reflects Shariah investment principles and includes large and mid-cap securities across 15 Developed Markets (DM) countries, as determined by the Index provider.

  The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Japan Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission

reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider’s website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, which is incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

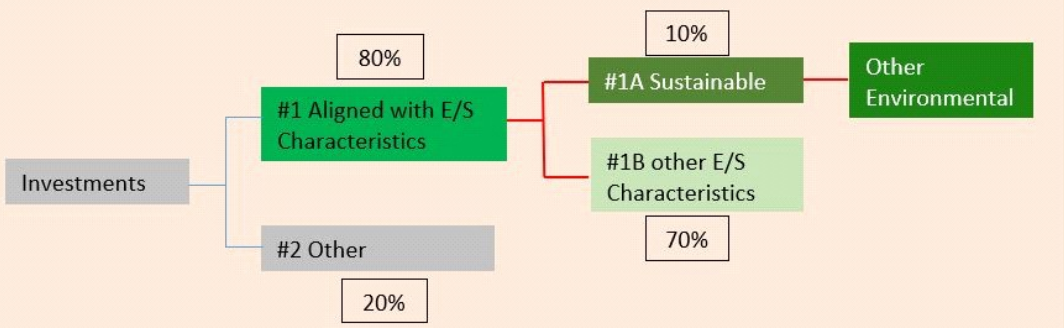
In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”)

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 10% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover**
reflecting the share of revenue from green activities of investee companies
**- capital expenditure**
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

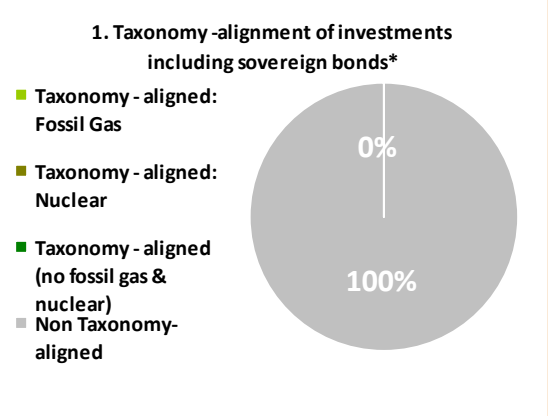
☐ yes ☐ in fossil gas ☐ In nuclear energy

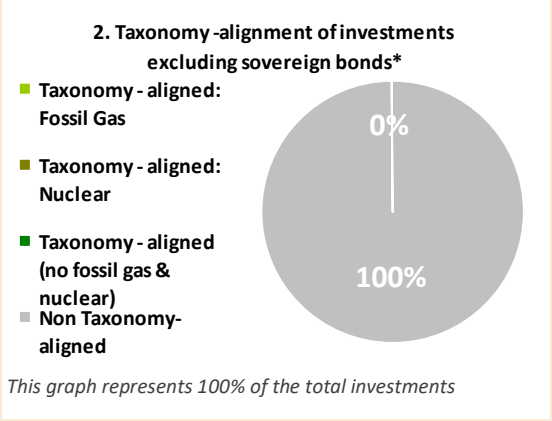
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI Japan Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Japan Index, and includes large and mid-cap securities of the Japanese equity markets, as determined by the Index provider.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:
  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index's exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select ‘Funds’ from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 21.70% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI Japan Islamic Universal Screened Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI Japan Islamic Index (the "Parent Index").

The Fund promotes this characteristic by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and based on United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings, further detailed in the section relating to binding elements below.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund contribute to environmental and social objectives, which include, amongst others:

1. the reduction of greenhouse gas (GHG) emissions and carbon footprint; and
2. the promotion of human rights.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the MSCI ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index Provider as part of the Index construction process, as further detailed in the next section of this annex.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund that are sustainable investments do not cause significant harm to the environmental and/or social investment sustainable objective.

The Investment Manager overlays an investment restrictions monitoring process that screens for any investments that would cause significant harm to sustainable objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used [by the Index Provider] in the assessment of business activities of the initial universe of securities, i.e. the Parent Index. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UN Global Compact ("UNGC") Principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly.

The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of the Investment Manager's approach to responsible investments. Stewardship activity is focused on protecting and enhancing clients' investments. The Investment Manager engages with companies on a range of ESG issues and has the following clear set of engagement objectives:

- Improve understanding of company business and strategy;
- Monitor company performance;
- Signal support or raise concerns about company management, performance or direction; and
- Promote good practice.

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low- carbon energy transition, to social issues including human capital management, inequality and data privacy.

The Investment Manager has a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

The Investment Manager is fully transparent in the reporting of engagement and voting activity, publishing voting on a quarterly basis and summary information about engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is constructed using MSCI proprietary data on each security business involvement. As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of the Investment Manager’s approach to responsible investments, as further detailed in the above section of this annex.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

**What investment strategy does this financial product follow?**

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the certain characteristics.

2. The Index applies the MSCI Universal Indexes Methodology in the construction of the Index in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria:

- Controversial weapons;
- Nuclear weapons;
- Civilian firearms;
- Tobacco
- Thermal Coal power;
- Thermal Coal mining;
- Oil Sands extraction;
- Oil Sands Reserves Ownership; and
- All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index Provider and set out in the Index methodology and which may be amended from time to time.

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their Parent Index using this combined ESG score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index Provider's website.

The Index is constructed by excluding securities based on the following criteria:

- Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
- Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
- Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
- Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

  The Fund does not have a committed minimum rate to reduce the scope of investments.

- **What is the policy to assess good governance practices of the investee companies?**

  MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

  Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify companies that are considered to have low governance scores. Those companies will then be subjected to further review, action and/or engagement by the Investment Manager.

  Good corporate governance has long been incorporated in the Investment Manager's proprietary fundamental company research. The Investment Manager's Stewardship team meets with companies regularly to improve its understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. The Investment Manager believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

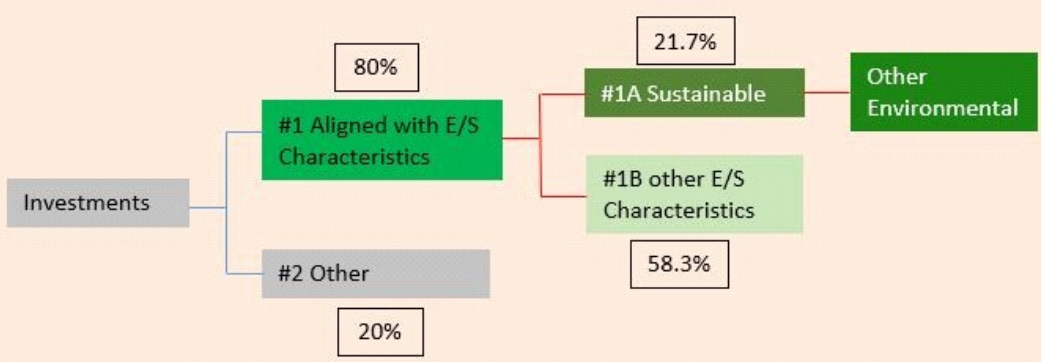
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. Cash and other Shariah-compliant instruments may be used for liquidity and hedging purposes.

The Fund promotes environmental and/or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 21.7% of sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The Fund will not use derivatives to attain the environmental and/or social characteristics of the Fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

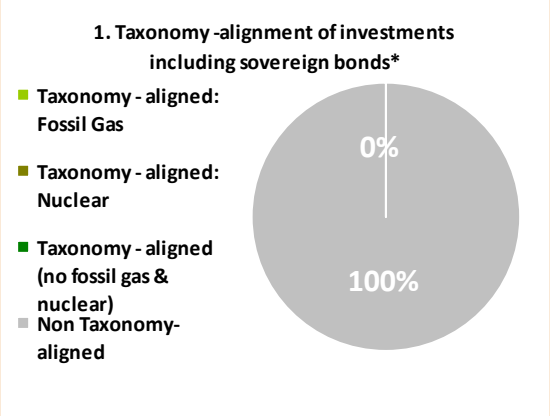
☐ yes ☐ in fossil gas ☐ In nuclear energy

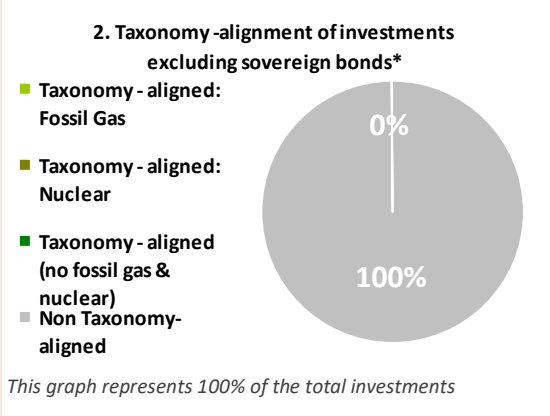
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other Shariah-compliant instruments such as financial derivative instruments may be used for liquidity and hedging purposes in respect of which there are no minimum environmental and/or social safeguards.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes.

The investment objective of the Fund is to replicate the performance of the Index which is

aligned with the environmental and/or social characteristics promoted by the Fund.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by applying values- and climate-based exclusionary criteria (as defined by the Index Provider in the Index methodology):

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI Japan Islamic Index and which reflects Shariah investment principles and includes large and mid-cap securities of the Japanese equity markets as determined by the Index provider.

  The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  To achieve this, the Index Provider applies the following steps to the Parent Index: (i) the Index Provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index Provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index Provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index Provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index Provider.

Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes

☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**

and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI USA Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:
- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of

companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider’s website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, which is incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

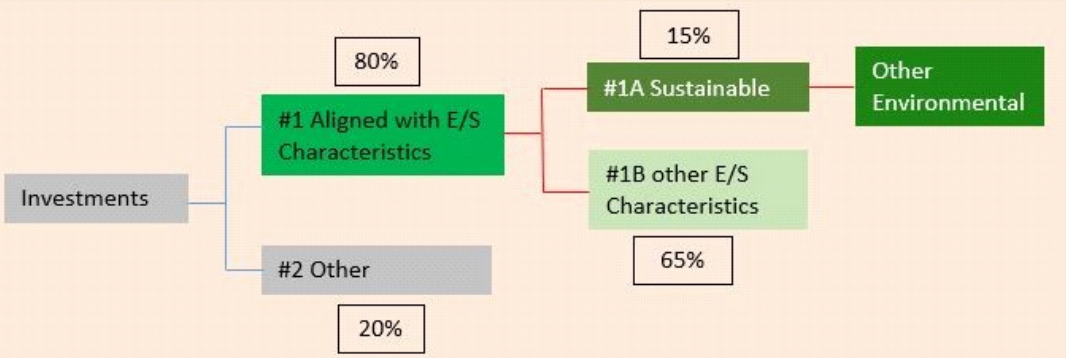
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”)

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 15% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

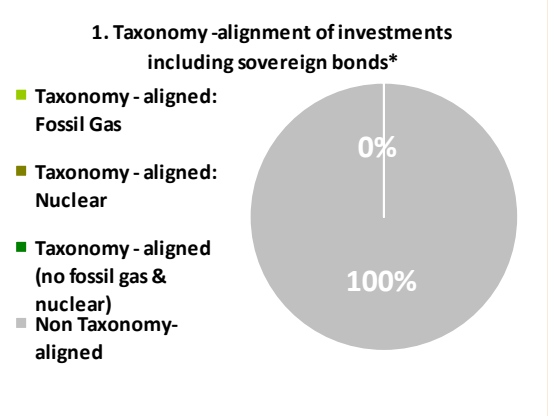
☐ yes ☐ in fossil gas ☐ In nuclear energy

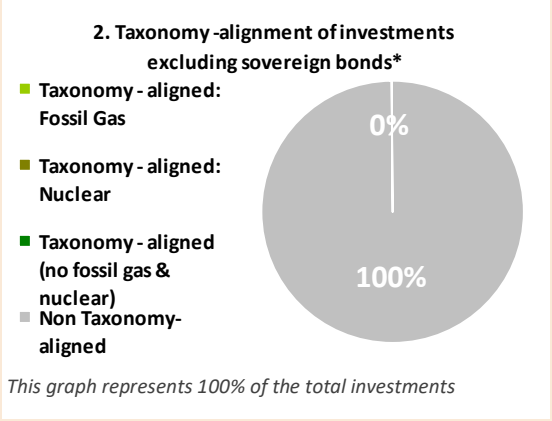
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI USA Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI USA Index, and includes large and mid-cap securities of the U.S. equity markets.

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index's exposure to physical risk arising from extreme weather events by at

least 50%;
· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climatetransition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select ‘Funds’ from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI USA Islamic Universal Screened Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI USA Islamic Index (the "Parent Index").

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the MSCI ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings . By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UN Global Compact ("UNGC") Principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each security business involvement. As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

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How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the certain characteristics.

2. The Index applies the MSCI Universal Indexes Methodology in the construction of the Index in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria:

· Controversial weapons;
· Nuclear weapons;
· Civilian firearms;
· Tobacco
· Thermal Coal power;
· Thermal Coal mining;
· Oil Sands extraction;
· Oil Sands Reserves Ownership; and
· All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their Parent Index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

The Index is constructed by excluding securities based on the following criteria:

· Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
· Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
· Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
· Companies Involved in controversial weapons businesses companies involved in controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information is available on request.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the

designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

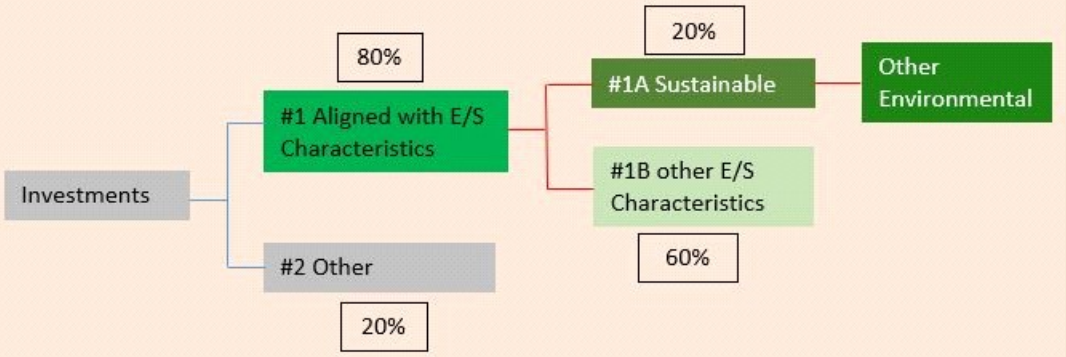
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 20% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

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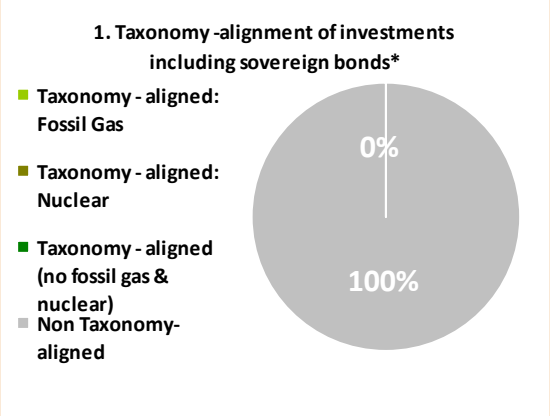
☐ yes ☐ in fossil gas ☐ In nuclear energy

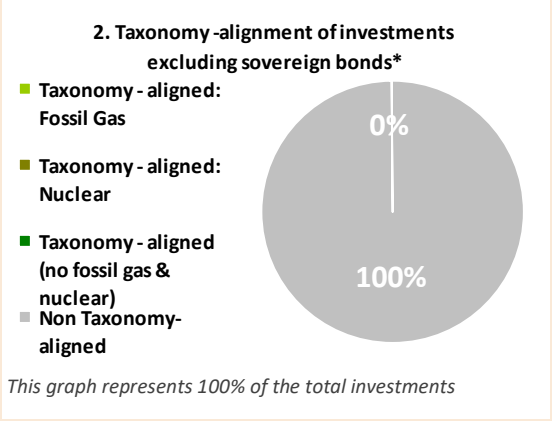
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

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- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other Shariah-compliant instruments such as financial derivative instruments may be used for liquidity and hedging purposes in respect of which there are no minimum environmental and/or social safeguards.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes.

The investment objective of the Fund is to replicate the performance of the MSCI USA

Islamic Universal Screened Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by applying values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.
  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.
  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI USA Islamic Index and which reflects Shariah investment principles and includes large and mid-cap securities of the US equity markets as determined by the Index provider.

  The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

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The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI World Climate Paris Aligned Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- seeking to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements;
- incorporating the Task Force on Climate-related Financial Disclosures recommendations; and
- exceeding the minimum standards of the EU Paris-Aligned Benchmark.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to achieve the climate related targets set out in the binding elements section of this document.

The Index qualifies as an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011 and has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- Carbon intensity of the Fund, relative to the Parent Index, whereby the carbon intensity of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is seek to reduce exposure to transition and physical climate risks and pursuing opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements; incorporate the Task Force on Climate-related Financial Disclosures recommendations; and exceed the minimum standards of the EU Paris-Aligned Benchmark.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission

reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies is available on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, the Index is designed to meet and exceed the minimum standards of the EU Paris Aligned Benchmarks regulation. The eligible universe is constructed once Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed. Securities that have faced very severe and severe controversies pertaining to Environmental issues are also removed (PAI 7,8,9). Embedded in the ESG controversy score is an evaluation of UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact which removes securities having faced very severe controversies (PAI 10). The resulting eligible universe is then used to construct the Index using a sophisticated optimisation approach that reduces exposure to carbon intensity (PAI 1,2), reduces fossil fuel exposure (PAI 2,4) and increases exposure to securities with credible emission reduction targets (PAI 1,2,3,4,5). The optimisation also applies overweighting of companies providing sustainable/green solutions (PAI 7,8,9) and those providing green revenues.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and

accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index is designed to support investors seeking to reduce their exposure to transition and physical climate risks and who wish to pursue opportunities arising from the transition to a lower-carbon economy while aligning with the Paris Agreement requirements. The index incorporates the Task Force on Climate-related Financial Disclosures recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark. As a result of replicating the Index, the Fund is on a clear and measurable path to environmental transition, namely to achieve a self-decarbonization rate of 10% per annum.

The Index achieves the above in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

2. On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) as detailed in the binding elements below.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  The Index excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a “self-decarbonization” rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index’s exposure to physical risk arising from extreme weather events by at least 50%;

· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climate transition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

Further information on the Index methodology is available from the Index Provider’s website detailed in the “Where can the methodology used for the calculation of the designated index be found?” section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have an committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies model, both of which are incorporated into the Index’s methodology. MSCI ESG Controversies covers “Labor Rights & supply chain” and “Governance”, among others.

Further information on MSCI ESG Controversies is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.
Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

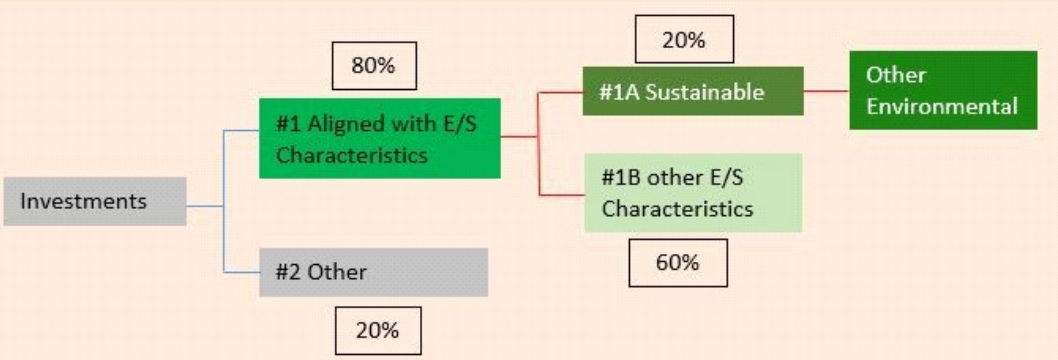
## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund’s assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index (“#1 Aligned with E/S characteristics”). The Fund may invest up to 20% of its assets in other investments (“#2 Other”)

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund’s assets will be aligned with the ESG criteria of the Index (this includes 20% of the Fund’s assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

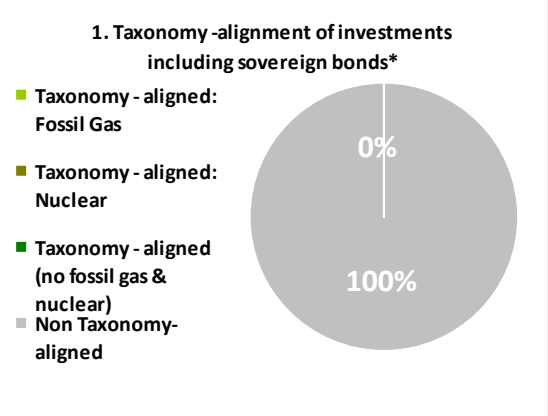
☐ yes ☐ in fossil gas ☐ In nuclear energy

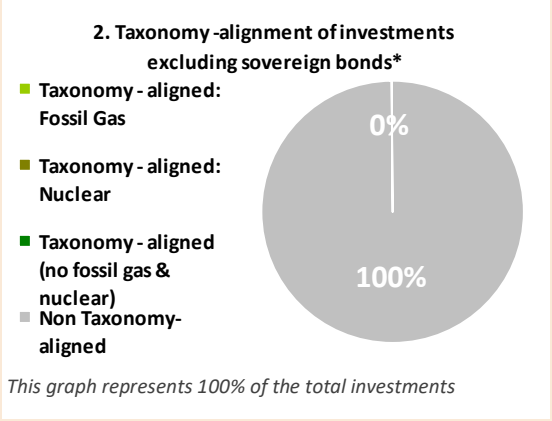
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI World Climate Paris Aligned Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with values and climate-based exposure (as defined by the Index provider in the Index methodology)

  In addition to the application of the exclusionary criteria, the Index incorporates the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI World Index, and includes large and midcap securities across 23 Developed Markets countries

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to:

  · controversial weapons;
  · ESG controversies;
  · tobacco;
  · environmental harm;
  · thermal coal mining;
  · oil and gas; and
  · power generation.

  Furthermore, the Index incorporates the Task Force on Climate-related Financial Disclosures "TCFD" recommendations and is designed to exceed the minimum standards of the EU Paris-Aligned Benchmark.

  On each rebalancing date, the Index is constructed using an optimisation process (as detailed in the Index methodology) to achieve the following aims:

  · exceed the minimum technical requirements laid out in the draft EU Delegate Act ;
  · align with the recommendations of the TCFD ;
  · align with a 1.5°C climate scenario using the MSCI Climate Value-at-Risk and a "self-decarbonization" rate of 10% year on year, thereby implementing a clear and measurable path to environmental transition;
  · reduce the Index's exposure to physical risk arising from extreme weather events by at

least 50%;
· shift index weight from “brown” to “green” using the MSCI Low Carbon transition score and by excluding categories of fossil-fuel-linked companies;
· increase the weight of companies which are exposed to climate transition opportunities and reduce the weight of companies which are exposed to climatetransition risks;
· reduce the weight of companies assessed as high carbon emitters using scope 1, 2 and 3 emissions;
· increase the weight of companies with credible carbon reduction targets through the weighting scheme; and
· achieve a modest tracking error compared to the Parent Index and low turnover.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select ‘Funds’ from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI World Islamic Universal Screened Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI World Islamic Index (the "Parent Index").

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the MSCI ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and weighting of companies to improve the exposure to companies with favourable MSCI ESG ratings . By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objectives.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

As per the index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UN Global Compact ("UNGC") Principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. For further information on MSCI EGS Controversies, please see: https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each security business involvement. As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the Index is calculated. In addition, a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles, (PAI 10). The methodology also considers the aggregate ESG score (as calculated by MSCI ESG Research) which is applied to all eligible securities post business activity screen and weighted accordingly. The Index increases the weightings of companies with robust ESG characteristics, including those that show improvement in the direction of their rating over the most recent 12 months, while reducing the weight of those companies who lag behind their industry peers in terms of ESG quality.

More information can be found here:
https://www.msci.com/documents/1296102/23003857/SFDR_Proposed+Article+6-8-9+Mapping+Framework_Analysis+of+MSCI+ESG+Indexes.pdf

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

More information on voting activity disclosures and engagement can be found here:
https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship
https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/uk-stewardship.pdf

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the

Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the certain characteristics.

2. The Index applies the MSCI Universal Indexes Methodology in the construction of the Index in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by applying the following values and climate-based exclusionary criteria:

• Controversial weapons;
• Nuclear weapons;
• Civilian firearms;
• Tobacco
• Thermal Coal power;
• Thermal Coal mining;
• Oil Sands extraction;
• Oil Sands Reserves Ownership; and
• All companies that fail to comply with the United Nations Global Compact principles

Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their Parent Index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

Further information can be found here: https://www.msci.com/our-solutions/esg-investing/esg-ratings

The Index is constructed by excluding securities based on the following criteria:

• Unrated Companies – Companies not assessed by MSCI ESG Research on MSCI ESG controversies;
• Missing ESG Rating – Companies not rated by MSCI ESG Research for an ESG assessment;
• Severe ESG controversies - Companies having faced very severe controversies pertaining to ESG issues in the last three years; and
• Companies Involved in controversial weapons businesses companies involved in

controversial weapons (i.e. cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), as defined by the methodology of the MSCI Ex-Controversial Weapons Indexes.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior and Human Capital. For further information please see pages 8 and 12 of SFDR - Proposed Article 6, 8 and 9 mapping framework - Analysis of MSCI ESG Indexes.

For further information on MSCI ESG Controversies, please see https://www.msci.com/documents/10199/acbe7c8a-a4e4-49de-9cf8-5e957245b86b.

For further information on MSCI ESG Ratings, please see https://www.msci.com/esg-ratings.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information can be found below:

Engagement policy:
https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf
Reporting: Reporting on our engagement and voting is available to clients in line with their requirements. We also publish our voting quarterly and summary information about our engagement activity annually. Our voting record is available at:
https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship.
Summary information about our engagement is available at:
https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/uk-stewardship.pdf
Voting guidelines:
https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf

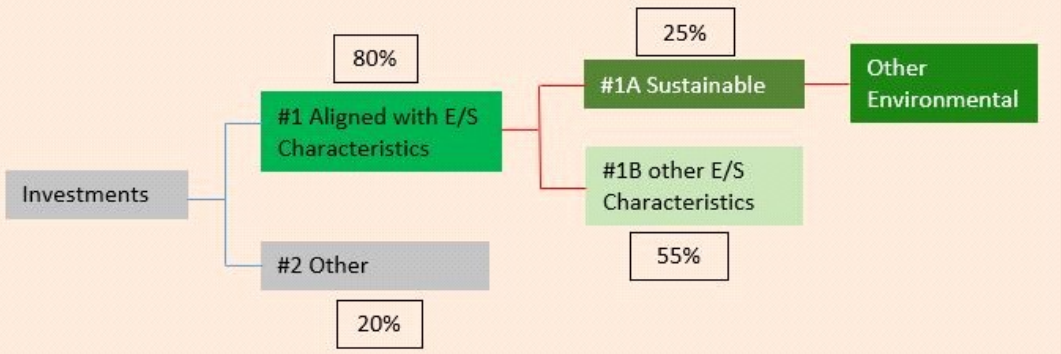
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 25% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The Fund will not use derivatives to attain the environmental and/or social characteristics of the Fund

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0% of sustainable investments with an environmental objective are intended to be aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

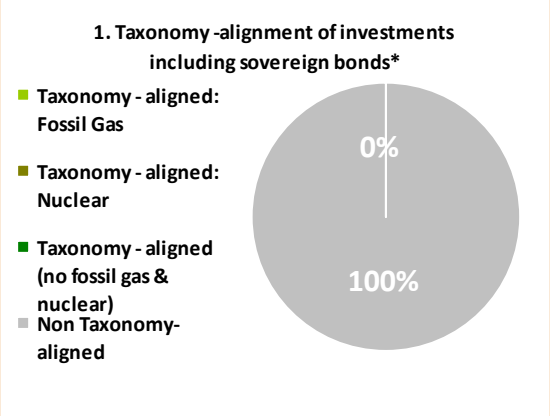
☐ yes ☐ in fossil gas ☐ In nuclear energy

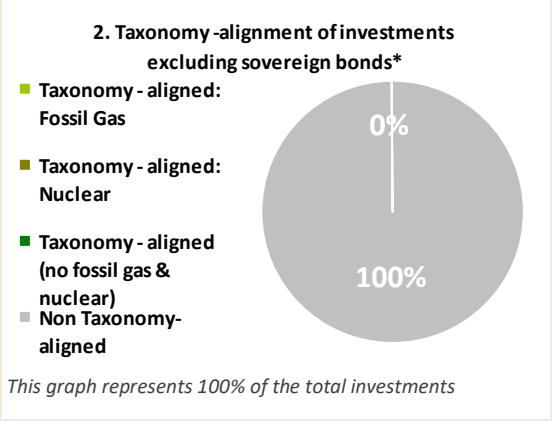
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  The Fund intends to invest 0% of investments in transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Fund intends that 100% of its sustainable investments with an environmental objective will not be aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

The Fund intends that 0% of its investments will be socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other Shariah-compliant instruments such as financial derivative instruments may be used for liquidity and hedging purposes in respect of which there are no minimum environmental and / or social safeguards.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Yes. The investment objective of the Fund is to replicate the performance of the MSCI World Islamic Universal Screened Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by applying values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI World Islamic Index and which reflects Shariah investment principles and includes large- and mid-cap securities across 23 Developed Markets countries as determined by the Index provider.

  The Index is constructed from the Parent Index by applying the following values- and climate-based exclusionary criteria (as defined by the Index provider in the Index methodology):

  Each of the exclusionary criteria may apply thresholds which are defined by the Index provider and set out in the Index methodology and which may be amended from time to time.

  In addition to the application of the exclusionary criteria, the Index applies the MSCI Universal Indexes methodology to achieve its ESG objective.

  The use of the MSCI Universal Indexes Methodology in the construction of the Index is to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from the Parent Index.

  To achieve this, the Index provider applies the following steps to the Parent Index: (i) the Index provider excludes the securities with the weakest ESG profile from the Parent Index; (ii) the Index provider defines an ESG re-weighting factor that reflects an assessment of both the current ESG profile, based on the current MSCI ESG Rating, as well as the trend in that profile; and (iii) the Index provider re-weights securities from the free-float market cap weights of their parent index using this combined ESG score to construct the Index. Further information on the Index provider's ESG re-weighting factors and the MSCI ESG Rating system can be found on the Index provider's website.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI World Small Cap Selection Screens Index (the "Index"), the Fund promotes the following environmental and/or social characteristics

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI World Index (the "Parent Index")

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which selects companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and selection of companies to improve the exposure to companies with favourable ESG ratings.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 1), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies can be found on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 13), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3).

In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).
In addition securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which

may be amended from time to time).

2. The Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective by only selecting companies that have the highest MSCI ESG Ratings, in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from their parent index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

· controversial weapons;
· conventional weapons/civilian firearms;
· nuclear weapons;
· adult entertainment;
· genetically modified organisms;
· alcohol;
· gambling;
· nuclear power;
· fossil fuel reserves ownership;
· fossil fuel extraction;
· thermal coal power; and
· tobacco.

Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective. The indexes use a best-in-class approach by only selecting companies that have the highest MSCI ESG Ratings.
Overall the Indexes target a 50% sector representation vs. the parent index.

To achieve this, the Index provider applies the following steps:

(i) Companies are required to have an MSCI ESG Rating of 'BB' or above to be eligible for inclusion in the MSCI ESG Leaders Indexes. Companies are required to have an MSCI ESG Controversies Score of 3 or above to be eligible for inclusion in the MSCI ESG Leaders Indexes.
(ii) Ranking of Eligible Securities
For each sector, eligible securities of the regional Parent Index are ranked based on the following criteria:
- ESG Rating
- ESG Trend
- Current index membership (existing constituents above non-constituents)
- Industry-adjusted ESG scores
- Decreasing free float-adjusted market capitalization

For each sector, eligible securities of the regional Parent Index are then selected from the ranked universe in the following order until the target 50% coverage by cumulative free float-adjusted market capitalization is reached:

-Securities in the top 35% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage

above 35%
- 'AAA' and 'AA' rated securities in the top 50% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 50%
- Current index constituents in the top 65% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 65% if that security is a current index constituent - Remaining eligible securities in the ranked universe

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior

Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

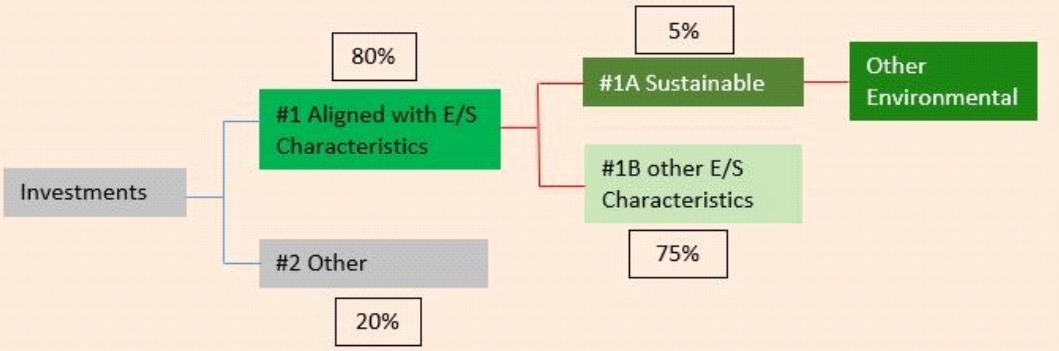
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

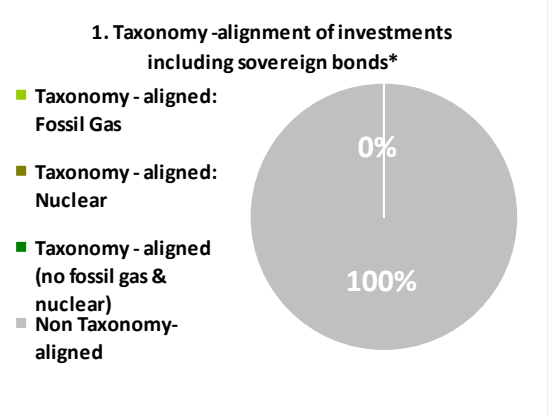
☐ yes ☐ in fossil gas ☐ In nuclear energy

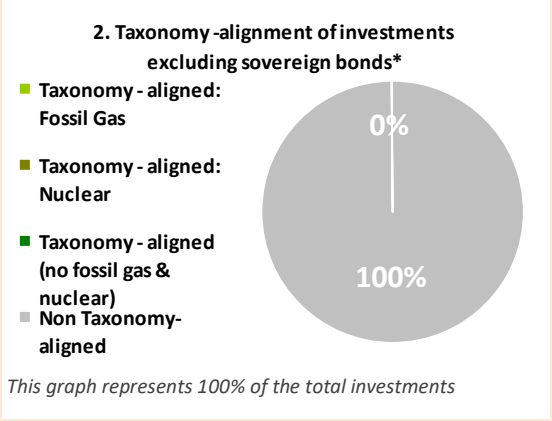
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI World Small Cap Selection Screens Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective.

  The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI World Small Cap Index, which offers a representation of developed equity markets worldwide, as determined by the Index provider. The small-cap market coverage in the Index is derived from the Parent Index by applying the Index provider's criteria on free-float adjustment, size & liquidity. The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective.
  To achieve this, the Index provider applies the following steps:

  i. After application of exclusionary criteria, securities are then weighted and ranked on the basis of their ESG score (as determined by the MSCI ESG Leaders scoring system); iii. Securities are then selected in the following order until the target 50% coverage of the sectors included in the Parent Index is reached;
  a. Firstly, securities in the top 35% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 35%; b. then, 'AAA' and 'AA' rated securities in the top 50% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 50%; c. then, current Index constituents in the top 65% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 65% if that

security is a current Index constituent; and d. lastly, the remaining eligible securities in the ranked universe.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 15.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI World Value Select Screens Advanced Index (the "Index"), the Fund promotes the following environmental and/or social characteristics

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI World Index (the "Parent Index")

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and improves the exposure to companies with favourable ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG rating of the Fund is expected to be higher than that of the Parent Index

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and to improve the exposure to companies with favourable ESG ratings .

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies can be found on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 11), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3).

In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).
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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which

may be amended from time to time).

2. The Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective by maximizing the exposure to the target factor(s) less a penalty for the common factor and stock-specific risk characteristics of each potential constituent, as well as placing an upper bound on the predicted tracking error of the Index, in order to maximize the exposure to the target Factor along with 20% ESG score improvement of the Factor index relative to its parent market-cap weighted index

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

· controversial weapons;
· conventional weapons/civilian firearms;
· nuclear weapons;
· adult entertainment;
· genetically modified organisms;
· alcohol;
· gambling;
· nuclear power;
· fossil fuel reserves ownership;
· fossil fuel extraction;
· thermal coal power; and
· tobacco.

Furthermore, the Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective.

To achieve this, the Index provider applies the following steps:

At each Semi-Annual Index Review (SAIR), the following optimization constraints are employed, which aim to ensure investability while achieving improvement in ESG profile, subject to tracking error constraint relative to the Parent Index.
-The ex-ante tracking error of the Index, relative to the Parent Index will be capped at 3% - The weighted-average industry-adjusted ESG score of the Index portfolio will be at least 20% more than the weighted-average industry-adjusted ESG score of the Parent Index portfolio
- The maximum weight of an index constituent will be restricted to the lower of (the weight of the security in the Parent Index + 2%) and 10 times the weight of the security in the Parent Index. The minimum weight of an index constituent will be restricted to the higher of the (weight of the security in the Parent Index - 2%) and 0.
- The exposure of the MSCI Factor ESG Target Index to the non-target Barra style factors (factors not included in the calculation of alpha score) will be restricted to +/-0.25 standard deviations relative to the Parent Index
- The sector weights of the MSCI Factor ESG Target Index will not deviate more than +/¬ 5% from the sector weights of the Parent Index.
·For countries with weight greater than 2.5% in the Parent Index, the weight in the MSCI Factor ESG Target Index will not deviate more than +/-5% from the country weight in the Parent Index.
·For countries with weight less than 2.5% in the Parent Index, the weight in the MSCI

Factor ESG Target Index will be capped at 3 times their weight in the Parent Index.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior

Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

**Asset allocation** describes the share of investments in specific assets.

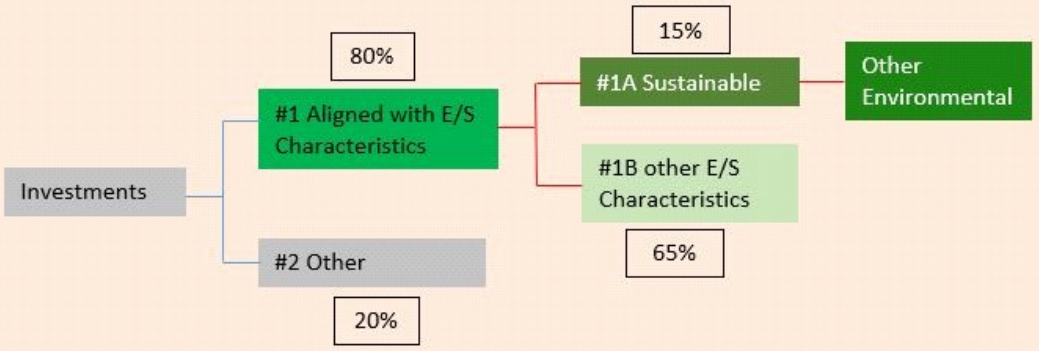
## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics").

The Fund may invest up to 20% of its assets in other investments ("#2 Other").At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 15% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure**

(OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

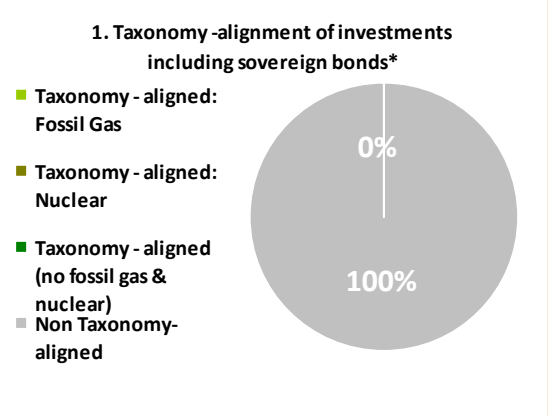
☐ yes ☐ in fossil gas ☐ In nuclear energy

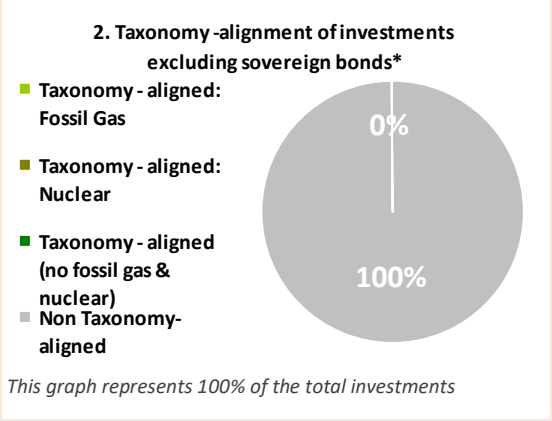
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI World Value Select Screens Advanced Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Target methodology (which is available on the Index provider's website) to achieve its ESG objective.

  The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI World Index, which offers a representation of developed equity markets worldwide, as determined by the Index provider.

  The Index first excludes securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time).

  Furthermore, the Index aims to maximise the exposure to the Value Factor along with a 20% ESG score improvement of the Index relative to the Parent Index.

  In order to maximise exposure to the Value Factor once the exclusionary criteria referred to above are applied, the Index provider will use an optimisation technique to determine the remaining securities in the Index using a proprietary factor model which seeks maximise the performance of each security in terms of the Value Factor in relation to the overall market, while minimising the ex-ante tracking error relating to the Parent Index. The proprietary factor model measures the exposure of each remaining security to the Value Factor using three value-specific variables (price-to-book value, price-to-forward earnings and enterprise value-to-cash flow from operations) and ranks the securities in such a way that Index comprises those securities providing maximum exposure to the Value Factor.

- **Where can the methodology used for the calculation of the designated index be found?**

https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

- ☐ Yes
- ☑ No

- ☐ **It will make a minimum of sustainable investments with an environmental objective:_%**
  - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ **It will make a minimum of sustainable investments with a social objective:_%**

- ☑ **It promotes Environmental/Social (E/S) characteristics**
  and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50.00% of sustainable investments
  - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ with a social objective
- ☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the NASDAQ CTA Global Climate Technology Index (the "Index"), the Fund promotes the following environmental and/or social characteristic:

- the promotion of climate technology by investing in companies where the objective of the company is instrumental in transitioning to a carbon neutral global economy ("Climate Technology").

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which comprises of companies considered as "Enablers", "Enhancers" and "Engagers" (as defined by the Climate Technology Association and further explained below) in the Climate Technology space and which applies a number of ESG related exclusions, which include controversial weapons, cannabis, thermal coal, oil & gas, severe ESG controversies and companies which do not adhere to the UNGC principles, as further detailed in the section relating to the binding elements below.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - ESG score

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by this Fund contribute to environmental and social objectives which include, amongst others:

1. the reduction of greenhouse gas (GHG) emissions and carbon footprint;
2. the transition to or use of renewable energy; and
3. the promotion of human rights.

The Fund replicates the performance of the Index, the focus of which is to select companies in the global Climate Technology industry which are instrumental in the transition to a carbon neutral global economy

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index Provider as part of the Index construction, as further detailed in the next section of this annex.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund that are sustainable investments do not cause significant harm to the environmental and social investment sustainable objective.

The Investment Manager overlays an investment restrictions monitoring process that screens for any investments that would cause significant harm to sustainable objectives and which could result in divestment by the Investment Manager ahead of the Index re¬balancing.

As documented in the methodology of the Index Provider, a security's issuer must not be positively identified by Sustainalytics as exhibiting any of the following characteristics:

1. non-compliance with the principles of the United Nations Global Compact;
2. having a Sustainalytics Controversy Rating of five (5); and / or
3. involvement above certain thresholds or blanket exclusions with regard to controversial weapons, thermal coal, oil & gas, or recreational cannabis.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used by the Index Provider in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using data provided by CTA. CTA determines the companies to be classified as Climate Technology companies, which then form the Index Provider's investable universe (the "Initial Investable Universe"). Companies are selected by CTA based on multiple factors, which includes a company's revenue, market share, financial filings, mergers and acquisitions activity, market capitalisation, patents, product launches, and other open-source and publicly available data. CTA obtains this data

using data subscriptions, public data sources and data monitoring to identify the investable universe. The Index Provider then apply ESG exclusions incorporating exclusions of controversial weapons, thermal coal, oil & gas, severe ESG controversies, non compliance with UNGC & cannabis. As per the Index methodology, securities involved in Thermal coal power generation, power generation capacity and extraction, Companies involved in oil and gas exploration and production, refining, transportation and/or storages are screened at a minimum threshold level and controversial weapons (PAI 14) & Cannabis production & ownership are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of the Investment Manager's approach to responsible investments. Stewardship activity is focused on protecting and enhancing clients' investments . The Investment Manager engages with companies on a range of ESG issues and has the following clear set of engagement objectives:

- Improve understanding of company business and strategy;
- Monitor company performance;
- Signal support or raise concerns about company management, performance or direction; and
- Promote good practice.

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

The Investment Manager a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

The Investment Manager is fully transparent in the reporting of engagement and voting activity, publishing voting on a quarterly basis and summary information about engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the consideration of severe ESG controversies, determined using data from Sustainalytics where, using their controversy rating, any company identified with a score of 5 and above is immediately removed from the index.

The methodology also incorporates an identifier to remove any company that does not adhere to the UN Global Compact principles, which as a standard covers human rights, labour, environment and anti-corruption activities. which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover.

Further information on benchmark, data and standards used can be found on the Index provider's website.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☐ Yes,_

☑ No

**What investment strategy does this financial product follow?**

The Fund is passively managed. The investment objective of the Fund is to replicate the performance of the Index, while minimising as far as possible the tracking error between the Fund’s performance and that of the Index.

The Index is an equity index, which offers a representation of global equity markets worldwide, as determined by the Index Provider. The Index employs a scoring, ratings and exclusions based approach which considers, amongst other things, companies engaged in the global Climate Technology industry which are instrumental in the transition to a carbon neutral global economy, together with a number of ESG related criteria.

The remaining companies after the application of the above criteria are eligible for inclusion in the Index. The eligible companies are ranked by free float market capitalisation and incorporates a Climate Technology score.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the strategy are as follows:

  1. A company must be classified by CTA as a Climate Technology company, specifically as belonging to one of the below categories, in order to include it in the Index:

  Enablers

  Power Sources & Power Storage - Companies classified as Power Sources and Power Storage enable the transition toward cleaner sources of energy across the economy including within industry, buildings (e.g. residential and commercial) and transportation. Power Sources and Power Storage include companies involved in biofuels, battery technology, fuel cells, green hydrogen, power management (including power-focused semiconductors) and renewable power generation (e.g. hydroelectric, solar and wind power).

  Engagers

  Climate Infrastructure – Companies classified as Climate Infrastructure are engaged in technologies focused on reducing the carbon impact of commercial, industrial and

residential buildings including advanced building materials and mechanical systems (e.g. heating, cooling, ventilation, plumbing and electric), electric vehicle charging infrastructure (e.g. public and private charging solutions), process improvements (e.g. agricultural, electrical and material technologies that improve the carbon impact of existing construction methods) and smart cities/grid (e.g. grid communication and intelligence, load control, smart metering).

Enhancers

Adaptation – Companies classified as Adaptation provide consulting, engineering and/or software solutions to clients in order to design, construct and retrofit projects within industry, buildings and transportation including advancements in renewable power delivery, power generation and power use.

AgTech & FoodTech - Companies classified as AgTech & FoodTech are principally engaged in technology related to reducing carbon and methane emissions through the development of products intended to displace conventional meat consumption (e.g. alternative/plant-based proteins and cellular agriculture to displace beef, chicken, pork, turkey, etc.) as well as technologies designed to reduce the intensity of traditional farming methods and their related logistical/transportation impacts through engagement in indoor and vertical farming methods.

Transportation – Companies classified as Transportation are enhancing the development of less carbon intensive transportation products (e.g. battery, fuel cell, renewable power) including macromobility (e.g. passenger aircraft, buses, trains and other forms of mass transit) and micromobility (air mobility taxis/vertical take-off and landing plans vehicles, passenger cars and motorcycles, delivery/fleet/logisitcs/last-mile trucks and vehicles).

2. The following ESG exclusions are applied:

a) Companies involved in controversial weapons;
b) Companies involved in thermal coal;
c) Companies which are non-compliant with the UN Global Compact Principles and related international norms and standards, such as the Organization for Economic Cooperation and Development (OECD) Guidelines and United Nations (UN) Guiding Principles (collectively referred to as “Global Compact Non-Compliance”);
d) Companies with a Sustainalytics controversies rating of 5;
e) Companies involved in oil and gas exploration and production, refining, transportation and/or storage;
f) Companies involved in arctic oil and gas exploration;
g) Companies involved in oil sands extraction;
h) Companies involved in cannabis production and/or with significant ownership of another company with involvement in the development and cultivation of cannabis
i) Companies involved in tobacco production; and

What constitutes “involved” is determined by the Index Provider. Details of any revenue thresholds applicable to the ESG exclusions can be found in the Index methodology.

The above exclusions are aligned with the exclusions for EU Paris-aligned Benchmarks as detailed in Article 12(1)(a) – (g) of Commission Delegated Regulation (EU) 2020/1818.

· Each remaining security then receives a Climate Technology Score which comprises the following:
· Thematic Revenue score - The Thematic Revenue Score is a quantitative assessment of each company’s approximated revenue share derived from Climate Technology.

0-24.9%: 0
25-49.9%: 1
50-74.9%: 2

75-100%: 3

· Transition Score - The Transition Score is a qualitative assessment of each company's level of transition toward a fully carbon-neutral portfolio of products and services. Low: 1
Medium: 2
High: 3

· Innovation score - The Innovation Score is a qualitative assessment of each company's impact toward achieving carbon neutrality.
Low: 1
Medium: 2
High: 3

All remaining companies are categorised as either: (i) Tier 1; (ii) Tier 2; or (iii) none of the former, based on their Climate Technology Score:

· A Tier 1 company generates at least 50% of its revenue from Climate Technology, as defined by the Index Provider (Thematic Revenue Score $\geq$ 2); and
· A Tier 2 issuer generates 25-50% of its revenue from Climate tTechnology (2 > Thematic Revenue Score $\geq$ 1), and the sum of its Transition Score and Innovation Score equals 4 or higher.

All companies that meet the liquidity criteria and are not otherwise excluded on ESG grounds and that are categorised as either Tier 1 or Tier 2 are included in the Index.

Maximum security weight will not exceed 4.5%.

The composition of the Index is rebalanced on a semi-annual basis in June and December.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

o Severe ESG Controversies
o United Nations Global Compact compliance assessment

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement by the Investment Manager.

Good corporate governance has long been incorporated in the Investment Manager's proprietary fundamental company research. The Investment Manager's Stewardship team meets with companies regularly to improve its understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. The Investment Managers believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

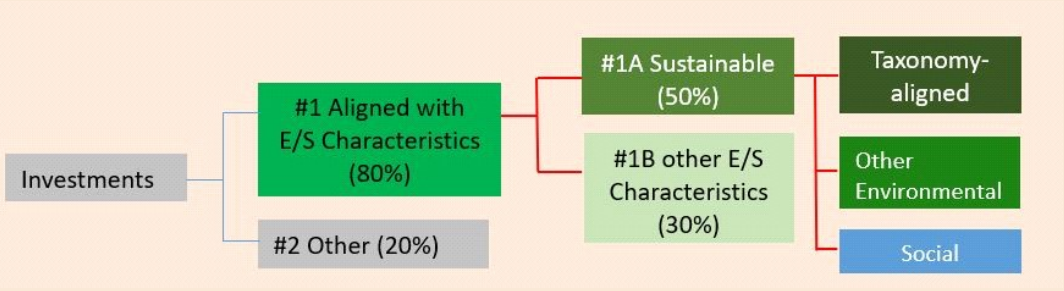
At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 50% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:

**- turnover** reflecting the share of revenue from green activities of investee companies

**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The Fund will not use derivatives to attain the environmental and social characteristics of the Fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

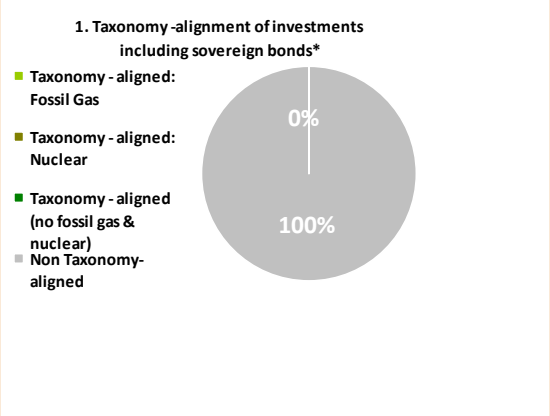
☐ yes ☐ in fossil gas ☐ In nuclear energy

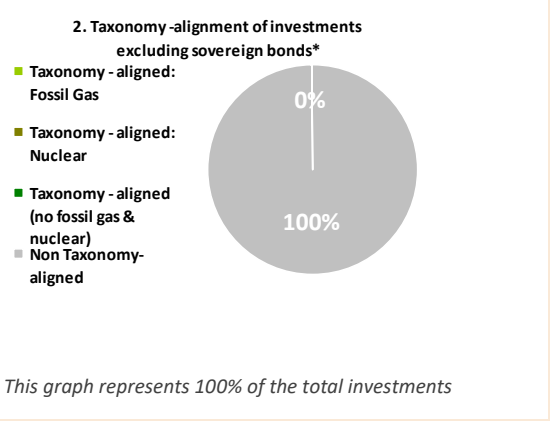
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes.

The Fund will aim to replicate the net total return performance of the NASDAQ CTA Global Climate Technology Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  A company must be classified by CTA as a Climate Technology company, specifically as belonging to one of the below categories, in order to include it in the Index.

  CTA determines the companies to be classified as "Climate Technology" companies which then form the Index Provider's investable universe (the "Initial Investable Universe"). Companies are selected by CTA based on multiple factors, which includes a company's revenue, market share, financial filings, mergers and acquisitions activity, market capitalisation, patents, product launches, and other open-source and publicly available data. CTA obtains this data using data subscriptions, public data sources and data monitoring to identify the investable universe.

  The Index employs a scoring, ratings and exclusions-based approach which considers, amongst other things, the impact of a company's activities on the transition to a carbon neutral economy.

  The index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by NASDAQ. Further information about the Index, its components, its rebalancing frequency and its performance can be found on the Index provider's website.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a semi-annual basis and carried out according to the published rules governing the management of the Index as set out by NASDAQ.

- **How does the designated index differ from a relevant broad market index?**

  Index is a modified free float market capitalisation-weighted index designed to measure the performance of a selection of companies in the global climate technology which are instrumental in the transition to a carbon neutral global economy, as determined by the Index Provider. The companies are selected for inclusion in the Index based on classification by Consumer Technology Association (CTA), as further detailed above.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://indexes.nasdaqomx.com/Index/Overview/CLMTCHN (for Index constituents, factsheets, index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE UK ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE UK Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund, relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and
  - Carbon intensity and fossil fuel reserves exposure of the Fund, relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the Index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts ("PAI") metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:
  - Improve our understanding of company business and strategy
  - Monitor company performance

- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG Scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model (https://www.ftserussell.com/data/sustainability-and-esg-data/esg-ratings). For further information, please see controversies and human rights in FTSE Russell indices FAQ: https://research.ftserussell.com/products/downloads/FTSE_FAQ_Document_Controversies_and_Human_Rights.pdf

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance

- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

More information on voting activity disclosures and engagement can be found here:
https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship
https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/uk-stewardship.pdf

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions , fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);

b. companies identified as involved in the manufacturing of tobacco products;
c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions , fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have an committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The index methodology incorporates the FTSE Russell ESG Scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance. For further information, please see https://www.ftserussell.com/data/sustainability-and-esg-data/esg-ratings

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information can be found below:

Engagement policy:
https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/engagement-policy-en.pdf

Reporting: Reporting on our engagement and voting is available to clients in line with their requirements. We also publish our voting quarterly and summary information about our engagement activity annually. Our voting record is available at: https://www.assetmanagement.hsbc.co.uk/en/institutional-investor/about-us/responsible-investing/stewardship.
Summary information about our engagement is available at: https://www.assetmanagement.hsbc.co.uk/-/media/files/attachments/uk/common/uk-stewardship.pdf
Voting guidelines: https://www.assetmanagement.hsbc.com/-/media/files/attachments/common/resource-documents/global-voting-guidelines-en.pdf

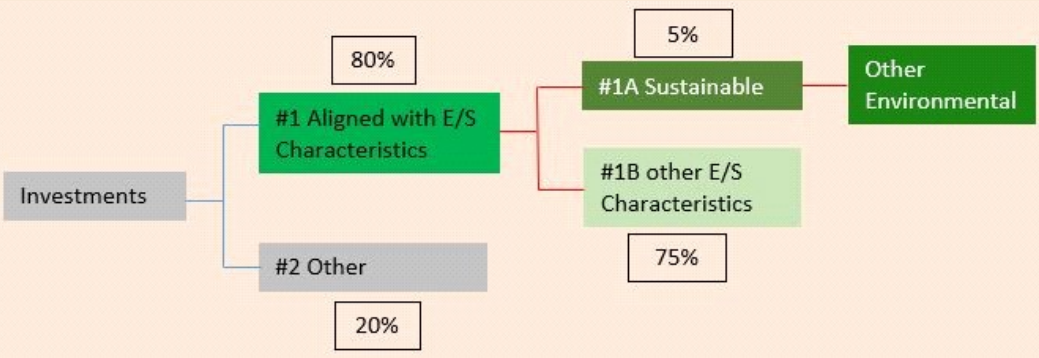
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The Fund will not use derivatives to attain the environmental and/or social characteristics of the Fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund intends that 0% of its investments will be sustainable investments with an environmental objective aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

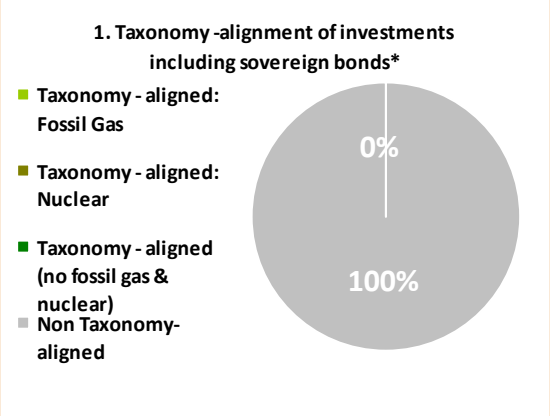
☐ yes ☐ in fossil gas ☐ In nuclear energy

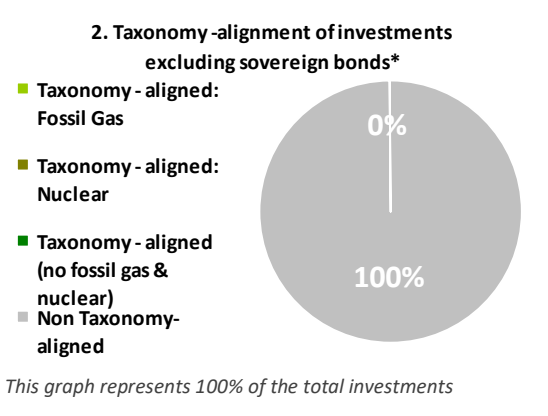
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

The Fund intends to invest 0% of investments will be in transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Fund intends that 100% of its sustainable investments with an environmental objective will not be aligned with the EU Taxonomy.

## What is the minimum share of socially sustainable investments?

The Fund intends that 0% of its investments will be socially sustainable investments.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and / or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes.

The Fund will aim to replicate the net total return performance of the FTSE UK ESG Low Carbon Select Index while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE UK ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE UK Index and aims to measure the performance of companies in the United Kingdom as defined by the Index provider. As further detailed above, on an annual basis, the Index provider screens all securities by applying sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 25.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the FTSE USA ESG Low Carbon Select Index (the "Index"), the Fund promotes the following environmental and/or social characteristics:

- supporting the transition to a lower carbon economy, through a reduction in carbon emissions and fossil fuel reserves exposure compared to the FTSE USA Index (the "Parent Index"); and
- supporting the management of a broad range of ESG issues collectively measured by FTSE Russell ESG ratings. FTSE Russell ESG ratings are a measure of the overall quality of a company's management of issues associated with three ESG pillars, being environmental, social, and governance. Each pillar has several themes against which companies are assessed, these are determined by FTSE Russell. The themes are climate change, biodiversity, pollution and resources, water security, customer responsibility, human rights, labor standards, health and safety, anti-corruption, corporate governance, risk management, tax transparency and supply chain considerations. The construction of the overall FTSE Russell ESG rating considers individual data points relating to the environmental social and governance themes, which are aggregated to give an overall rating for each company, considering the relevance of each theme to the company. This is achieved by targeting an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which weights companies in order to reduce the exposure to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure to companies with favourable FTSE Russell

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund, relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and

  - Carbon intensity and fossil fuel reserves exposure of the Fund, relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts (“PAI”) metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients’ investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

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Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.
We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.
2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.
3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

  a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
  b. companies identified as involved in the manufacturing of tobacco products;
  c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;

d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

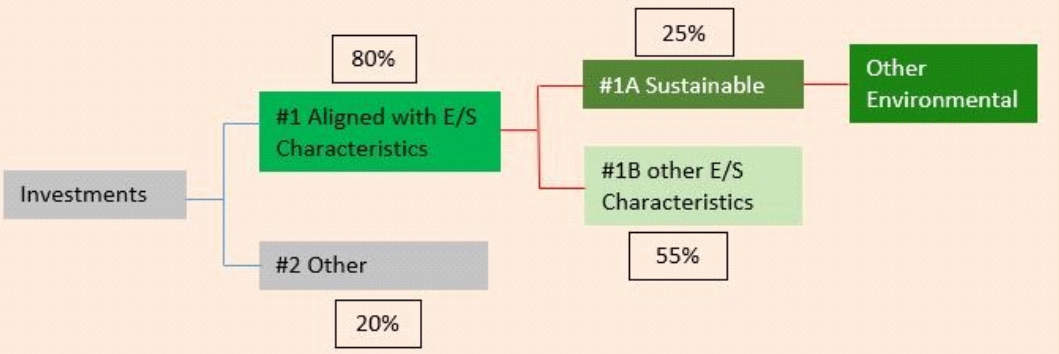
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 25% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

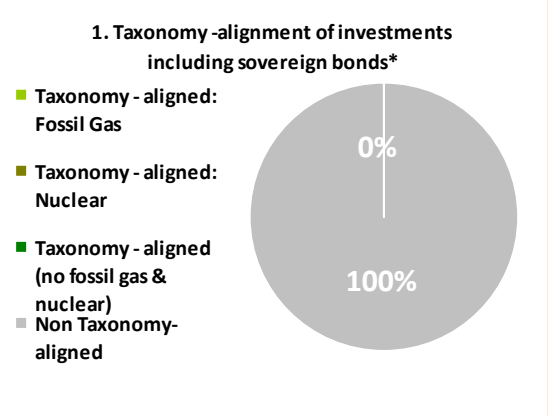
☐ yes ☐ in fossil gas ☐ In nuclear energy

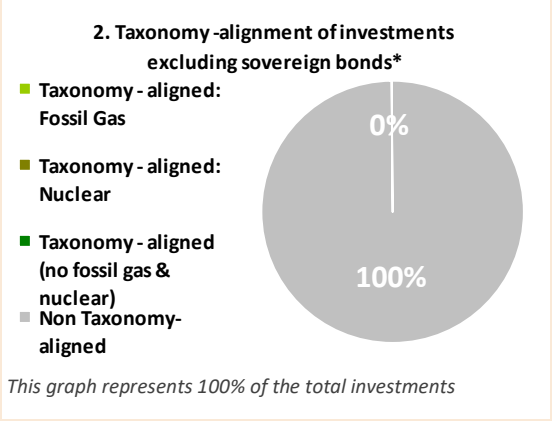
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes.

The Fund will aim to replicate the net total return performance of the FTSE USA ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE USA ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE USA Index and aims to measure the performance of companies in the United States as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852).

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

# Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ Yes ☑ No

☐ **It will make a minimum of sustainable investments with an environmental objective:_%**

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **It will make a minimum of sustainable investments with a social objective:_%**

☑ **It promotes Environmental/Social (E/S) characteristics**
and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 5.00% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☑ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments

## What environmental and/or social characteristics are promoted by this financial product?

In replicating the performance of the MSCI World Small Cap Selection Screens Index (the "Index"), the Fund promotes the following environmental and/or social characteristics

- Better management of a broad range of environmental and social risks, and where applicable, positioning to meet demand for provision of goods and services that have a positive environmental or social contribution, collectively measured by MSCI ESG ratings. MSCI ESG ratings provide an opinion of companies' management of financially relevant ESG risks and opportunities. Each company is assessed on relevant environmental, social and governance themes, and where applicable, positioning to meet market demand for the provision of products and services that have a positive environmental or social contribution. The themes determined by MSCI are climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour. The Fund will target this through an improvement of the MSCI ESG rating against that of the MSCI World Index (the "Parent Index")

The Fund seeks to achieve the promotion of these characteristics by replicating the performance of the Index which removes companies based on sustainability exclusionary criteria and United Nations Global Compact exclusionary criteria and which selects companies in order to improve the exposure to companies with favourable MSCI ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The below sustainability indicator is used to measure the attainment of the environmental and social characteristics promoted by the Fund, specifically measuring:

- MSCI ESG score of the Fund, relative to the Parent Index, whereby the MSCI ESG score of the Fund is expected to be higher than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

The Fund replicates the performance of the Index, the focus of which is to achieve an improvement of the ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria and selection of companies to improve the exposure to companies with favourable ESG ratings.

By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Do no significant harm analysis is completed by the Index provider as part of the Index construction.

The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

**How have the indicators for adverse impacts on sustainability factors been taken into account?**

The mandatory principal adverse impacts ("PAI") indicators have been used in the assessment of business activities of the initial universe of securities. Revenue data, business involvement and other data sources have been considered when assessing each security using minimum thresholds or blanket exclusions on activities identified in relation to these indicators.

The Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 1), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3). As per the Index methodology, securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated. In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).

No optional indicators are taken into account.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The index methodology incorporates the MSCI ESG Controversies. The evaluation framework used in MSCI ESG Controversies is designed to be consistent with international norms represented by the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UNGC Principles. Specifically, the MSCI ESG Controversies approach covers the following pillars: Environment, Human Rights & Community, Labor rights & Supply chain, Customers and Governance. These pillars include indicators such as Human rights concerns, Collective bargaining & unions, Child labor and Anticompetitive practices, which are also issues that the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights cover. Further information on MSCI ESG Controversies can be found on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

## Does this financial product consider principal adverse impacts on sustainability factors?

☑ Yes, the Index is constructed using MSCI proprietary data on each securities business involvement. The Business Involvement Screening Research (BISR) highlights each securities involvement or adherence to Global sanctions, Controversies and global norms (PAI 10, 13), Carbon and Sustainable Impact (Positive screening) (PAI 1,2,3).

In addition a separate controversy screen is applied to the starting universe to remove any security in violation of UNGC principles (PAI 10).
In addition securities involved in Thermal coal mining and generation, Oil & Gas, are screened at a minimum threshold level and controversial weapons (PAI 14) are removed before the final index is calculated.

Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

- Improve our understanding of company business and strategy
- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve an improvement of the MSCI ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. Excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which

may be amended from time to time).

2. The Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective by only selecting companies that have the highest MSCI ESG Ratings, in order to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimise exclusions from their parent index.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy are as follows:

The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

· controversial weapons;
· conventional weapons/civilian firearms;
· nuclear weapons;
· adult entertainment;
· genetically modified organisms;
· alcohol;
· gambling;
· nuclear power;
· fossil fuel reserves ownership;
· fossil fuel extraction;
· thermal coal power; and
· tobacco.

Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective. The indexes use a best-in-class approach by only selecting companies that have the highest MSCI ESG Ratings.
Overall the Indexes target a 50% sector representation vs. the parent index.

To achieve this, the Index provider applies the following steps:

(i) Companies are required to have an MSCI ESG Rating of 'BB' or above to be eligible for inclusion in the MSCI ESG Leaders Indexes. Companies are required to have an MSCI ESG Controversies Score of 3 or above to be eligible for inclusion in the MSCI ESG Leaders Indexes.
(ii) Ranking of Eligible Securities
For each sector, eligible securities of the regional Parent Index are ranked based on the following criteria:
- ESG Rating
- ESG Trend
- Current index membership (existing constituents above non-constituents)
- Industry-adjusted ESG scores
- Decreasing free float-adjusted market capitalization

For each sector, eligible securities of the regional Parent Index are then selected from the ranked universe in the following order until the target 50% coverage by cumulative free float-adjusted market capitalization is reached:

-Securities in the top 35% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage

above 35%
- 'AAA' and 'AA' rated securities in the top 50% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 50%
- Current index constituents in the top 65% cumulative free float-adjusted market capitalization coverage of the ranked universe, including the first security that increases the cumulative coverage above 65% if that security is a current index constituent - Remaining eligible securities in the ranked universe

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

MSCI captures good governance practices through its MSCI ESG Controversies and MSCI ESG Ratings models, both of which are incorporated into the Index's methodology. MSCI ESG Controversies covers "Labor Rights & supply chain" and "Governance", among others, and MSCI ESG Ratings incorporates Corporate Governance, Corporate Behavior

Further information on MSCI ESG Controversies and MSCI ESG Ratings is available on the Index provider's website.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

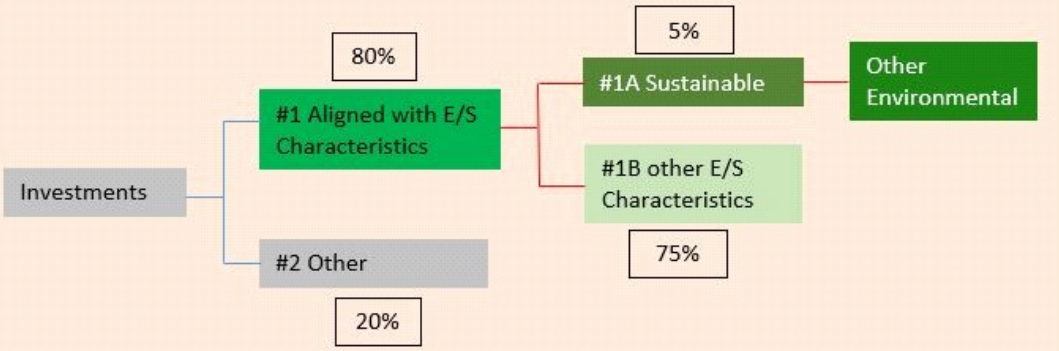
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

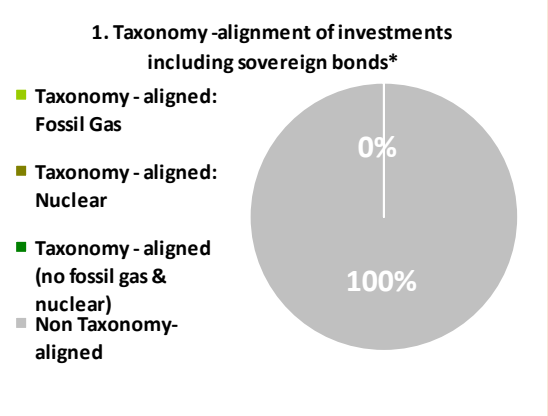
☐ yes ☐ in fossil gas ☐ In nuclear energy

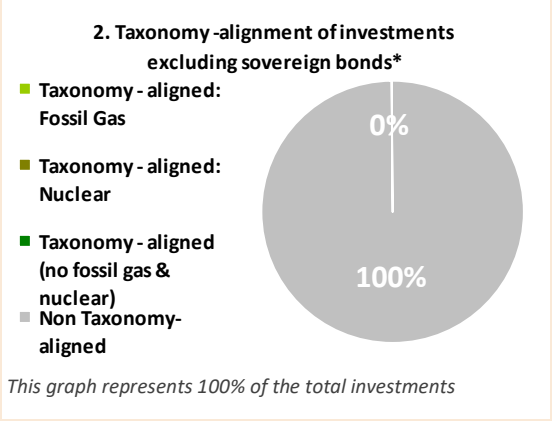
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the MSCI World Small Cap Selection Screens Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective.

  The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. The composition of the Index is rebalanced on a quarterly basis and carried out according to the published rules governing the management of the Index as set out by MSCI Inc.

- **How does the designated index differ from a relevant broad market index?**

  The Index is an equity index based on the MSCI World Small Cap Index, which offers a representation of developed equity markets worldwide, as determined by the Index provider. The small-cap market coverage in the Index is derived from the Parent Index by applying the Index provider's criteria on free-float adjustment, size & liquidity. The Index is constructed from the Parent Index by excluding securities of companies with exposure (as defined by the Index provider in the Index methodology) to any of the following characteristics (each characteristic will apply thresholds, as defined by the Index provider and set out in the Index methodology and which may be amended from time to time):

  Furthermore, the Index applies the MSCI ESG Leaders methodology (which is available on the Index provider's website) to achieve its ESG objective.
  To achieve this, the Index provider applies the following steps:

  i. After application of exclusionary criteria, securities are then weighted and ranked on the basis of their ESG score (as determined by the MSCI ESG Leaders scoring system); iii. Securities are then selected in the following order until the target 50% coverage of the sectors included in the Parent Index is reached;
  a. Firstly, securities in the top 35% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 35%; b. then, 'AAA' and 'AA' rated securities in the top 50% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 50%; c. then, current Index constituents in the top 65% cumulative free float-adjusted market capitalisation coverage of the ranked universe are selected, including the first security that increases the cumulative coverage above 65% if that

security is a current Index constituent; and d. lastly, the remaining eligible securities in the ranked universe.

- **Where can the methodology used for the calculation of the designated index be found?**

  https://www.msci.com/index-methodology (for fact sheets, Index methodology and other information).

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on the website above.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.

ESG ratings.

The Index has been designated as a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

  The below sustainability indicators are used to measure the attainment of the environmental and social characteristics promoted the Fund, specifically measuring:

  - FTSE Russell ESG rating of the Fund, relative to the Parent Index, whereby the FTSE Russell ESG rating of the Fund is expected to be higher than that of the Parent Index; and
  - Carbon intensity and fossil fuel reserves exposure of the Fund, relative to the Parent Index, whereby the carbon intensity and fossil fuel reserves exposure of the Fund is expected to be lower than that of the Parent Index.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

  The sustainable investments made by the Fund are aligned to the environmental and/or social characteristics which it promotes, as set out in this annex.

  The Fund replicates the performance of the Index, the focus of which is to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index through the removal of companies based on sustainability exclusionary criteria. By replicating the performance of the Index, the investments of the Fund contribute to these sustainable objectives.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

  Do no significant harm analysis is completed by the Index provider as part of the Index construction.

  The Index is re-balanced periodically; prior to the re-balance of the Index the indicators referred to below are incorporated in the assessment of the business activities.

  By replicating the performance of the Index, the investments of the Fund do not cause significant harm to the environmental and/or social investment sustainable objective.

  Investment restrictions monitoring is an HSBC overlay process that screens for any investments that would cause significant harm to the objectives and which could result in divestment by the Investment Manager ahead of the index re-balancing.

  **How have the indicators for adverse impacts on sustainability factors been taken into account?**

  Sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory principal adverse impacts ("PAI") metrics and are used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics against the Parent Index.

  Furthermore, active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have the following clear set of engagement objectives:

  - Improve our understanding of company business and strategy

- Monitor company performance
- Signal support or raise concerns about company management, performance or direction
- Promote good practice

Engagement issues range from corporate governance concerns such as the protection of minority shareholder rights, director elections and board structure to environmental issues, including climate change adaptation and mitigation and the low-carbon energy transition, to social issues including human capital management, inequality and data privacy.

We have a dedicated stewardship team with engagement specialists. Engagement is also integral to the fundamental research process. Our analysts and portfolio managers engage with issuers as part of the investment process and cover relevant ESG issues in their research and discussions.

**How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG scores include assessments of whether companies meet global standards such as the United Nations Global Compact Principles ("UNGC") or the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. This is part of the 'human rights and community' pillar in the social pillar of the FTSE Russell ESG ratings model. Further information on controversies and human rights in FTSE Russell indices is available on the Index provider's website.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

**Does this financial product consider principal adverse impacts on sustainability factors?**

☑ Yes, sustainable investment data inputs into the Index methodology (e.g. ESG scores, carbon data) implicitly capture mandatory PAI metrics used in the construction of the Index. As a result, the Index will show a more positive exposure to PAI metrics vs the Parent Index.

Furthermore active ownership, through engagement and global proxy voting, is a key pillar of our approach to responsible investments. Our stewardship activity is focused on protecting and enhancing our clients' investments with us. We engage with companies on a range of ESG issues and we have a clear set of engagement objectives:

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We are fully transparent in our reporting of our engagement and voting activity, publishing our voting on a quarterly basis and summary information about our engagement activity annually.

How PAI indicators were considered will be included in the Fund's year-end report and accounts.

Further information is available on request.

☐ No

## What investment strategy does this financial product follow?

The Fund is passively managed and will aim to replicate the net total return performance of the Index.

The Index seeks to achieve a reduction in carbon emissions and fossil fuel reserves exposure and an improvement of the FTSE Russell ESG rating against that of the Parent Index.

The Index achieves this in the following ways:

1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria.

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria.

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

  The binding elements of the investment strategy are as follows:

  1. on an annual basis in September, removing stocks based on sustainability exclusionary criteria. The following types of companies are removed from the Index on an annual basis due to the sustainability exclusionary criteria, some criteria may apply thresholds:

  a. companies identified as providing core weapons systems, or components/services that are considered tailor-made and essential for banned and controversial weapons (including anti-personnel mines, blinding laser weapons, nuclear weapons, cluster weapons, biological and chemical weapons, depleted uranium, non-detectable fragments, and white phosphorus munitions);
  b. companies identified as involved in the manufacturing of tobacco products;

c. companies identified as involved in providing tailor-made products and/or services, or tailor-made components for conventional military weapons;
d. companies identified as involved with thermal coal extraction and electricity generation;
e. companies identified as involved with electricity generation from nuclear power; and
f. companies considered to have breached one or more of the UNGC principles (widely accepted sustainability principles covering human rights, labour, environment and anti-corruption);
g. companies identified as involved in owning or operating a gambling establishment or manufacturing specialised products exclusively for gambling or providing supporting products/services to gambling operations; and
h. companies identified as involved in the production or operation of adult entertainment establishments or in the distribution of adult entertainment materials;

2. on an annual basis in September, adjusting the weights of the remaining companies within the Parent Index according to carbon emissions, fossil fuel reserves exposure and FTSE Russell ESG ratings based criteria . The Index also aims to limit industry divergence against the Parent Index by maintaining maximum stock weights of 10% and minimum stock weights of 0.5 bps ; and

3. on a quarterly basis, removing companies considered to be non-compliant with one or more of the UNGC principles.

Further information on the Index methodology is available from the Index Provider's website detailed in the "Where can the methodology used for the calculation of the designated index be found?" section of this document.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Fund does not have a committed minimum rate to reduce the scope of investments.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance

- **What is the policy to assess good governance practices of the investee companies?**

The Index methodology incorporates the FTSE Russell ESG scores. The FTSE Russell ESG Ratings model consists of pillars such as "Tax Transparency", "Corporate governance" and "Labor standards", among others, which enable the assessment of investee companies for good governance.

Governance is assessed against criteria specified in the investment process which includes, among other things, business ethics, culture and values, corporate governance and bribery and corruption. Controversies and reputational risks are assessed through enhanced due diligence as well as screening which are used to identify issuers that are considered to have low governance scores. Those issuers will then be subjected to further review, action and/or engagement.

Good corporate governance has long been incorporated in HSBC's proprietary fundamental company research. HSBC's Stewardship team meets with companies regularly to improve our understanding of their business and strategy, signal support or concerns the Investment Manager has with management actions and promote best practice. HSBC believes that good corporate governance ensures that companies are managed in line with the long-term interests of their investors.

Further information is available on request.

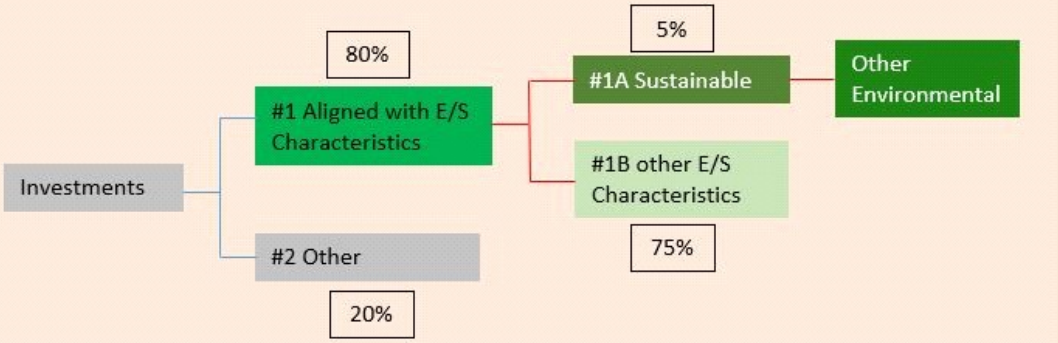
**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?

In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index. As such, it is expected that at least 80% of the Fund's assets will be invested in either securities within the Index or in securities that meet the ESG criteria of the Index ("#1 Aligned with E/S characteristics"). The Fund may invest up to 20% of its assets in other investments ("#2 Other").

At each index rebalance, the portfolio of the Fund will be rebalanced in line with the Index so that at least 80% of the Fund's assets will be aligned with the ESG criteria of the Index (this includes 5% of the Fund's assets that are qualified as #1A sustainable investments).

Taxonomy-aligned activities are expressed as a share of:
**- turnover** reflecting the share of revenue from green activities of investee companies
**- capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
**- operational expenditure** (OpEx) reflecting green operational activities of investee companies.




**#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.**

**#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.**

**The category #1 Aligned with E/S characteristics covers:**
**- The sub-category #1A Sustainable covers sustainable investment with environmental or social objectives.**
**- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.**

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

  The sub-fund will not use derivatives to attain the environmental or social characteristics of the sub-fund.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy.

- ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?*** [1]

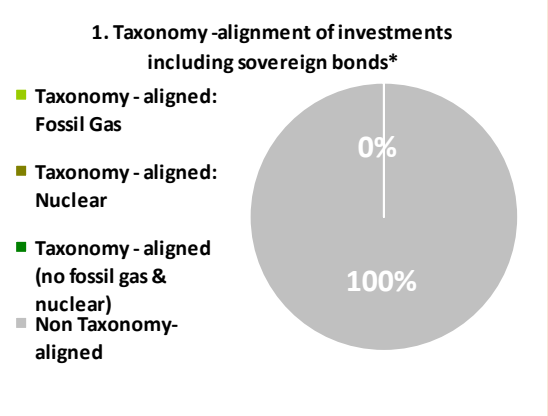
☐ yes ☐ in fossil gas ☐ In nuclear energy

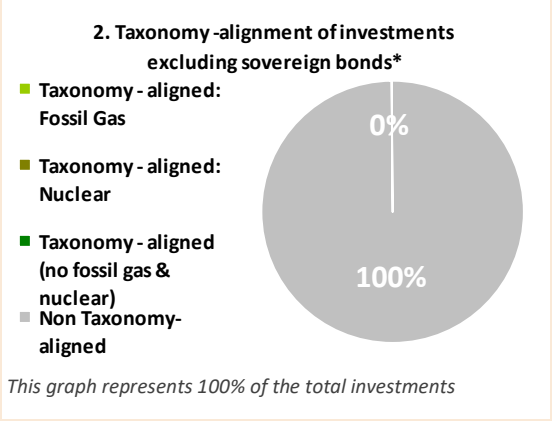
☑ No

1 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective –see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*This graph represents 100% of the total investments*

* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- ***What is the minimum share of investments in transitional and enabling activities?***

  N/A. The Fund does not have a specific minimum share of transitioning and enabling activities.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

N/A. The Fund does not intend to commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

### What is the minimum share of socially sustainable investments?

N/A. The Fund does not intend to commit to a minimum share of socially sustainable investments.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Cash and other instruments such as American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts, Eligible Collective Investment Schemes and/or financial derivative instruments may be used for liquidity, hedging and efficient portfolio management in respect of which there are no minimum environmental and/or social safeguards.

**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes. The investment objective of the Fund is to replicate the performance of the FTSE Asia Pacific ex Japan ESG Low Carbon Select Index.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

  On an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

  The investment objective of the Fund is to replicate the performance of the FTSE Asia Pacific ex Japan ESG Low Carbon Select Index, while minimising as far as possible the tracking error between the Fund's performance and that of the Index. In seeking to achieve its investment objective, the Fund will aim to invest in the constituents of the Index in generally the same proportions in which they are included in the Index.

- **How does the designated index differ from a relevant broad market index?**

  The Index is a subset of the FTSE Asia Pacific ex Japan Index and aims to measure the performance of companies in emerging and developed countries in Asia Pacific ex-Japan as defined by the Index provider.

  As further detailed above, on an annual basis, the Index provider applies sustainable exclusionary criteria and weights companies in order to reduce the exposure in the Index to companies with higher carbon emissions and fossil fuel reserves and to improve the exposure in the Index to comply with favourable FTSE Russell ESG ratings compared to that of the Parent Index. In addition, the United Nations Global Compact (UNGC) exclusionary criteria are applied to the Index on a quarterly basis (i.e. on each rebalancing date).

- **Where can the methodology used for the calculation of the designated index be found?**

  The Index methodology may be amended from time to time by the Index provider. Information on the Index methodology is available on https://www.ftserussell.com/.

**Where can I find more product specific information online?**

More product specific information on this and all other HSBC funds can be found on the website. Go to: www.assetmanagement.hsbc.com and select your type of investor and country/location. Please select 'Funds' from the main navigation page, where you can use the search or filter functions to find your particular fund.