



For Professional Clients Only

# HSBC MSCI USA Climate Paris Aligned UCITS ETF

## Fund overview

August 2021

### The strategy at a glance

The HSBC MSCI USA Climate Paris Aligned UCITS ETF is designed to support investors seeking to minimise their exposure to climate risks by reducing carbon emissions in line with the Paris Agreement requirements. The fund tracks the MSCI USA Climate Paris Aligned Index, which follows a rules-based and transparent methodology to go beyond EU minimum standards to address climate change risks and opportunities.

### Why consider the MSCI USA Climate Paris Aligned Index

#### Sophisticated climate analytics

Uses a wide variety of climate metrics, including Climate Value-at-Risk (VaR), Low Carbon Transition Score and TCFD<sup>1</sup> Recommendations

#### Climate compatible investing

Stocks are weighted based on their forward-looking, return-based climate-stressed market valuation

#### High standards

Designed to go beyond EU minimum standards, helping investors meet their sustainable investment objectives and limit risks

#### Extensive company coverage

More than 340 large and mid-cap securities of US equity markets

### The strength of our sustainable ETFs

- ◆ Specialised **ETF Sales, Capital Markets and Strategy** teams as well as dedicated SRI<sup>2</sup> and engagement specialists
- ◆ 30+ years experience in managing passive portfolios, with a **strong record of close tracking** and minimising costs
- ◆ The World's **Best Bank** for Sustainable Finance<sup>3</sup>
- ◆ Early signatory of the **Montreal Carbon Pledge** in 2015
- ◆ Early global signatory of the **PRI**<sup>4</sup> and highest **A+ assessment** score in all modules<sup>5</sup>
- ◆ Founding Signatory and Global Steering Committee Member of **Climate Action 100+**
- ◆ As a support of the **TCFD**, we work with portfolio companies to improve their climate-related disclosures

Source: HSBC Asset Management, MSCI, as at June 2021

1. Task Force on Climate-related Financial Disclosures
2. Socially Responsible Investment
3. Source: Euromoney 2020 "World's Best Bank for Sustainable Finance"
4. Principles for Responsible Investment
5. Source: <https://www.unpri.org/signatories/hsbc-global-asset-management/1306.article>

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

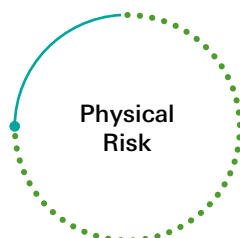
## MSCI USA Climate Paris Aligned Index objectives



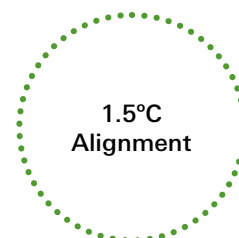
- ◆ Carbon intensity reduction of 50%
- ◆ Lower fossil fuel exposure
- ◆ Neutral exposure to high impact sector
- ◆ 20% higher weight to companies setting targets
- ◆ Underweight companies facing transition risk



- ◆ Overweight companies providing solutions
- ◆ 2x higher weighted average green revenue<sup>1</sup> percentage than parent index
- ◆ 4x higher green/brown<sup>2</sup> ratio
- ◆ 10% improvement in Low Carbon Transition score



- ◆ Physical Risk Climate VaR is at least 50% lower



- ◆ Self-decarbonisation of at least 10%
- ◆ Climate VaR under 1.5°C Scenario

Companies generating at least 1% of revenues from **thermal coal mining**, 10% of revenues from **oil and gas**, or 50% of revenues from **power generation** from thermal coal, oil or gas are excluded.

## Sector breakdown

Industry	Index Weight
Information Technology	33.32%
Consumer Discretionary	12.41%
Health Care	12.16%
Financials	10.54%
Industrials	10.42%
Communication Services	8.57%
Real Estate	7.21%
Consumer Staples	2.73%
Utilities	1.47%
Materials	1.17%

Source: MSCI, HSBC Asset Management, as at June 2021

## Fund details

Benchmark	MSCI USA Climate Paris Aligned Net USD Index (MXUSCLPA)		
TER	0.12%		
Registration <sup>3</sup>	AT, CH, DE, DK, ES, FI, FR, HK, IE, IT, LU, NL, PT, SE, SG, UK		
Listings <sup>4</sup> / Ticker	LSE: HPAU LN (USD) HPAS LN (GBP)	Euronext: HPAU FP (EUR) SIX: HPAU SW (USD)	BI: HPAU IM (EUR) Xetra: HPAU GY (EUR)
ISIN	IE00BP2C1S34		
Inception date	04 August 2021		
Base currency	USD		
Fund domicile	Ireland		
Fund manager	HSBC Global Asset Management (UK) Ltd		
Replication method	Physical full replication		
Dividend treatment	Accumulating		

Source: MSCI, HSBC Asset Management, as at July 2021

1. Green revenue is defined as revenue from goods and services including alternative energy, energy efficiency, green building, pollution prevention and sustainable water.
2. Brown revenue is defined as the revenue generated from thermal coal extraction, unconventional and conventional oil and gas extraction, oil refining, thermal coal based power generation, liquid fuel based power generation or natural gas based power generation.
3. This fund may not be yet registered for sale in the mentioned regions.
4. This fund may not be yet available in the mentioned exchanges.

## Key risks

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally invested.

- ◆ **Counterparty Risk** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations
- ◆ **Derivatives Risk** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset
- ◆ **Exchange Rate Risk** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly
- ◆ **Index Tracking Risk** To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time (“tracking error”)
- ◆ **Interest Rate Risk:** When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality
- ◆ **Investment Leverage Risk** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source
- ◆ **Liquidity Risk** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors
- ◆ **Operational Risk** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things

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