



## HSBC ETFs plc (the “Company”)

3 Dublin Landings, North Wall Quay  
Dublin 1, Ireland

**This document (the “Circular”) is important and requires your immediate attention. If you are in doubt as to the action you should take you should seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser. If you have sold or transferred all of your shares in the Fund referred to below, please pass this Circular at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee as soon as possible.**

**This document has not been reviewed by the Central Bank of Ireland (the “Central Bank”) and it is possible that changes may be necessary to meet the Central Bank’s requirements. The board of directors of the Company (the “Directors”) accepts responsibility for the information contained in this Circular.**

16 August 2023

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Dear Shareholder,

We refer to the HSBC MSCI World Small Cap ESG UCITS ETF [IE000C692SN6] (the “**Fund**”), a sub-fund of the Company, of which you are a Shareholder.

The purpose of this letter is to notify you of a change to the Investment Policy of the Fund, which will take effect on or around 31 August 2023 (the “**Effective Date**”).

The Directors, in conjunction with the Investment Manager, regularly review the strategy and performance of the Fund to ensure that they are fit for purpose and benefit shareholders from a cost perspective. Following a recent review, the Directors, in consultation with the Investment Manager, have determined that, due to the level of assets under management of the Fund being relatively small, it is in the best interests of the Fund to switch from a fully replicating strategy to an optimisation strategy, due to the cost inefficiencies associated with using a fully replicating strategy.

When employing an optimisation strategy, the Fund will use techniques which take account of tracking error and trading costs when constructing a portfolio. Consequently, when employing an optimisation strategy, the Fund may not hold each of the underlying Index constituents or hold Index constituents close to their Index weights. **This may result in slightly higher tracking error but the fund will benefit from reduced transaction costs.**

This change to the Investment Policy has been assessed by the Investment Manager and deemed not sufficiently material to require Shareholder approval but this Circular provides notice of the proposed change.

A revised supplement for the Fund will be issued on the Effective Date.

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Registered in Ireland as an open ended umbrella fund, with segregated liability between sub funds.

Registration Number: 467896

Directors: Eimear Cowhey, Feargal Dempsey, Peter Blessing, Suzanne Williams (British), Anthony Jeffs (British), Simon Fryatt (British)

The Company is regulated by the Central Bank of Ireland.

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**Tax considerations**

If you are in any doubt as to the tax consequences of any aspect of the change to the Fund, you should contact your financial or tax advisor.

Yours sincerely,

**Director  
For and on behalf of  
HSBC ETFs plc**