



## HSBC ETFs plc (the “Company”)

3 Dublin Landings, North Wall Quay  
Dublin 1, Ireland

This letter 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 letter 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 letter 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 letter.

Capitalised terms used in this letter and not defined shall have the meaning given to those terms in the Prospectus.

19 July 2024

Dear Shareholder,

We refer to the HSBC MSCI Emerging Markets UCITS ETF (the “Fund”), a sub-fund of the Company, of which you are a Shareholder. ISIN details below:

Class	ISIN
USD	IE00B5SSQT16
USD (Acc)	IE000KCS7J59

The purpose of this letter is to notify you of proposed amendments to the Supplement, as detailed below, which will take effect on or around 8 August 2024 (the “Effective Date”).

### 1. Clarify that the Fund achieves its objective by employing a full replication strategy

It is proposed to update the section of the Supplement titled “Investment Objective and Policies” to clarify that the Fund achieves its objective to replicate the performance of the MSCI Emerging Markets Index (the “Index”) by employing a full replication strategy rather than an optimisation strategy as currently disclosed. This will ensure that the description of the strategy is in line with how the Fund is currently managed.

Additionally, as is permitted for a fund employing a full replication strategy we are introducing language relating to use of increased diversification limits. For the Fund to track the Index accurately, it will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Fund to hold positions in individual constituents of the Index issued by the same body of up to 35%.

### Rationale

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

Registration Number: 467896

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

The Company is regulated by the Central Bank of Ireland.

When the Fund launched in 2011, it initially employed an optimisation strategy to achieve its investment objective, as disclosed in the Supplement.

As the assets of the Fund increased over time, it became possible to employ a full replication strategy and so the Fund gradually moved from optimisation to full replication over a number of years and the Fund has been fully replicating the Index since 2021.

The Fund's transition from optimisation to full replication took place over a number of years as the assets of the Fund increased over time and accounts were opened in the various emerging markets comprising the Index. The Supplement was inadvertently not updated to reflect the transition until this time.

#### Impact

The amendments to the Supplement will have no impact on Shareholders as the Fund has been managed as a replicating fund for some time. As a result of employing a full replication strategy, the Fund has a better opportunity to replicate the performance of the Index over the long-term and so the Investment Manager has determined that the Fund's gradual transition from optimisation to full replication was (and continues to be) in the best interests of Shareholders.

#### Next Steps

While this matter has no impact on Shareholders, the Management Company and the Investment Manager are reviewing their processes and will update controls as deemed necessary.

### **2. Addition of money market funds as an eligible investment for cash management purposes**

It is proposed to update the investment policy of the Fund to permit it to invest in money market funds for cash management purposes. This is not a material change to the investment policy of the Fund and any investment in money market funds will be subject to the overall 10% limit on investment in other collective investment schemes provided for in the Supplement. The reason for this change is to provide the Investment Manager with greater flexibility in terms of the cash management tools available to it, particularly as money market funds can provide superior rates, better preserve value and offer operational efficiencies compared to allocating cash to bank deposits.

### **3. Amendment to the definition of "Dealing Day"**

It is proposed to amend the definition of "Dealing Day" for the Fund to clarify that it will not be open for dealing on any Business Day prior to a Significant Market being closed. A "Significant Market" is defined in the Supplement as 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. As the Fund operates with a Valuation Point that is on each Business Day following a Dealing Day, the purpose of the amendment is to clarify that the Fund not be open for dealing on the Business Day prior to the Significant Market being closed.

Should you have any questions relating to the content of this letter, you should contact the Company or the Administrator or, alternatively, you should contact your investment consultant and/or legal adviser, as appropriate.

Additional information relating to the Fund are available by choosing your local website at [www.global.assetmanagement.hsbc.com](http://www.global.assetmanagement.hsbc.com) or from the registered office.

Yours sincerely,

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