

# Engineered to track

## What's your underlying exposure?

### HSBC FTSE EPRA/NAREIT Developed UCITS ETF, 0.40%

ETF Name	Ongoing charge
HSBC FTSE EPRA/NAREIT DEVELOPED UCITS ETF	0.40%

- ▶ **Engineered to track since 1988** – with USD30 billion in assets under management across our range of index-based solutions, spanning index trackers, ETFs and alternative indexation
- ▶ **Physically replicated** – 27 physically replicated equity ETFs offering regional and single country exposure
- ▶ **Transparency of performance** – no securities lending within our portfolios, which enables us to provide tight tracking gross of fees

#### Index Comparison

**Where is your exposure?** – The below table shows how certain indices can appear very similar. However, there are slight differences which can ultimately impact your overall exposure. When selecting an ETF, it's important to consider the underlying index being tracked to achieve your desired exposure and also consider the effect of this on the overall cost of execution.

	Number of securities	Top 10 holdings (% Index MCap)	Net MCap (USDm)	Yield (%)	Largest regional exposure	Weighting
FTSE EPRA/NAREIT Developed	330	20.72	1,441,612	3.50	USA (54.58%)	Market cap
FTSE EPRA/NAREIT Developed Dividend+	288	22.22	1,325,878	3.67	USA (54.58%)	Div yield

Source: FTSE.com, 19/09/16.

When selecting a passive investment vehicle, it is important to consider a number of factors:

- ▶ Replication method
- ▶ Strength of the passive fund management team
- ▶ Costs (inc execution)
- ▶ Underlying index being tracked

#### Example of comparative execution costs:

ETF	Replication method	Stock holding	30 day avg spread on exchange (%)	Ongoing charge (%)	Total up front cost*
HSBC FTSE EPRA/NAREIT Developed UCITS ETF	Full Replication	c. 312	0.33	0.40	<b>0.73</b>
iShares Developed Markets Property Yield UCITS ETF	Full Replication	c. 270	0.22	0.59	<b>0.81</b>

Source: HSBC, 15/09/16. Bloomberg 15/09/16. \*Total upfront costs is TER plus spread. Assumes 1 year holding period.

**HSBC Expertise** – Our tracking methodology, conscientious and value-added approach to management of passive funds has enabled us to consistently produce returns that closely track those of the index on a consistent basis. Minimising costs for our clients remains at the core of our investment strategy, coupled with competitive pricing, HSBC Global Asset Management remains as a key market provider of passive investment strategies.

# Contact

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#### For investors in the UK

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