

This letter and the changes it announces have not been reviewed by the Central Bank of Ireland (the "Central Bank") and it is possible that changes thereto may be necessary to meet the Central Bank's requirements. The Directors of the Company are of the opinion that there is nothing contained in this letter nor in the proposals detailed herein that conflicts with the guidance notes issued by and regulations of the Central Bank. The Directors accept responsibility for the information contained in this letter.

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, independent financial adviser or tax advisor. If you have sold or transferred all of your shares in the Fund, 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.

Capitalised terms used herein are defined in the Prospectus.

17 March 2016

Dear Shareholder,

We are writing to you as a shareholder of the Fund, a sub-fund of the Company.

Proposed Closure of the Fund

The purpose of this letter is to advise you that the Directors of the Company have resolved to fully redeem all of the shares of the Fund (the "**Shares**") and close the Fund. You are not required to take any actions, however if you wish to redeem your Shares, you may do so in accordance with the terms of the Prospectus of the Company and the Supplement for the Fund which are available at <http://www.etf.hsbc.com>. Please contact your broker or an appropriate market participant for further instructions.

In accordance with the provisions of the Prospectus and the Articles of Association of the Company, the Directors have discretion to terminate a fund if the total Net Asset Value of that fund falls below \$50 million. As of the date of this letter the total Net Asset Value of the Fund is materially below the set threshold.

The Board of Directors also considered the reduced level of investor demand for the Fund and deemed it unlikely that the net assets of the Fund will increase sufficiently in the near future.

The Shares will be fully redeemed on 27 April 2016 (the "**Effective Date**"). Redemption proceeds, calculated as of the Effective Date, will be distributed, under normal circumstances, within 10 business days to the remaining Shareholders.

Procedure for Closure

The last day for trading on each relevant stock exchange where the Shares are listed is 22 April 2016 (the "**Final Exchange Trading Date**").

Applicable to Authorized Participants only: The last day on which applications for subscriptions and redemptions for Shares in the Fund may be made is 25 April 2016 (the "**Final Dealing Date**").

Investors buying and selling Shares through a broker or market maker/Authorised Participant and/or investors who hold Shares through a nominee and/or clearing agent, may not appear in the Company's register of Shareholders. Such investors should deal directly with the relevant broker, market maker/Authorised Participant, nominee or clearing agent (as relevant) in respect to their investment.

Currency: The proceeds of the final redemption will be paid in the currency elected in Crest-UK for the accounts on record in the Company's register of Shareholders. Shareholders will be able to elect a different currency (EUR, USD, GBP) in which they wish to receive the final proceeds by electing

through Crest-UK prior to 22 April 2016. If no currency election is made payment will be made in the base currency of the liquidating fund.

Costs of Termination

The legal, regulatory and delisting costs of terminating the Fund will be paid by the Investment Manager HSBC Global Asset Management (UK) Limited. Transaction costs (including the Duties and Charges outlined in the Prospectus) related to liquidating the Fund's portfolio will be borne by the Fund.

Risk

Please note that during the termination process, in the event of significant redemptions in the Fund, the ability to meet the investment objective may be compromised and there will accordingly be an increased risk of tracking error.

Tax considerations

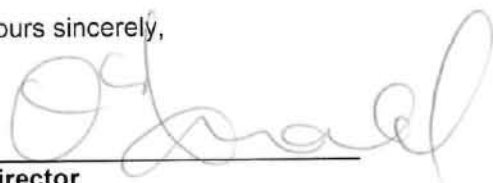
The disposal of shares will be deemed a disposal for capital gains tax purposes and may give rise to a capital gains tax liability. If you are in any doubt as to the tax consequences of your actions you should contact your financial or tax advisor.

Advice

This notice does not constitute financial advice. If you are in any doubt regarding the action you should take, you should contact your financial adviser.

If you have any further questions, please do not hesitate to contact your sales representative or your professional advisor or the ETF Product Specialist on +44 207 024 0342 or +44 207 024 0337 or by email to passive.equity.team@hsbc.com.

Yours sincerely,



Director
For and on behalf of
HSBC ETFs plc