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HSBC SCALES UP STRUCTURED PRODUCT CAPABILITIES IN HONG KONG TO BOOST ASIA WEALTH GROWTH

** New index-linked capabilities in structured product capturing luxury theme **

** Available to HSBC Jade clients (with professional investor status) in Hong Kong **

HSBC scales up its structured product capabilities in Hong Kong in an effort to further the Bank's ambition of becoming Asia's leading wealth management bank. In addition to a wide array of products linked to standard and thematic market indices, the Bank has rolled out a new structured product linked to a customised index – The Solactive Luxury Dynamic Factors Index ('the Luxury Index'), providing an investment opportunity for wealth clients to capitalise on the growing luxury consumption in Asia.

To expand its structured product capabilities and deliver a distinctive wealth experience for customers, HSBC will grow its product offerings, digital wealth capabilities and platforms across Asia, and build up its wealth teams to enhance distribution proficiency. The Bank has announced that it will invest over USD3.5 billion in the next five years to accelerate the growth of its Wealth and Personal Banking business in Asia.

The Luxury Index-linked structured product will also be launched in other key wealth markets later this year, and is currently available in Malaysia. Luxury spending in Asia, and in particular in mainland China, already accounts for a significant portion of global luxury consumption. Luxury as an investment theme is poised to benefit from strong economic recovery led by Asian economies in the post COVID-19 world. The Luxury Index provides investors dynamic exposure to a list of global stocks that have high exposures to the luxury sector.

"To accelerate the growth of the wealth business in Asia, Global Markets continues to invest in our product manufacturing capabilities leveraging our market expertise, and deliver bespoke solutions for wealth clients," said **Justin Chan, Head of Greater China, Global Markets, Asia-Pacific, HSBC**. "The Luxury Index sits within our theme of stocks benefiting from Asian discretionary spending. HSBC Global Research estimates that the luxury goods market in mainland China will likely achieve 48 per cent growth in 2020, doubling its overall share of the global luxury market in 2020, with further growth expected through to 2025. We are also bullish on the sector due to the likely consolidation seen in the industry and the use of more affordable online sales channels."

Maggie Ng, Head of Wealth and Personal Banking, Hong Kong, HSBC, said, “The growth of the wealth management market is unparalleled in Asia, underpinned by the expansion in high net worth population and the increase in their sophistication. Therefore, we are working closely with our Global Markets colleagues to bring innovative structured products to our customers. This index-linked structured product exemplifies our commitment to meet customers’ diverse wealth management needs aligned to prevalent investment themes. The product enables investors to gain exposure to the sector, while maintaining a high level of capital protection.”

The Bank’s structured product offerings are widely available in different currencies and underlying index choices. The new index-linked structured product will be denominated in RMB in Hong Kong and MYR in Malaysia in (either a fully or partially principal) protected structured product. Apart from having a risk control feature, the index is designed using a method known as smart beta or factor investing, which is a well-established investment technique among institutional investors that is based on a rules-based approach focused on persistent sources of returns in the equity market.

The Index is calculated and administrated by Solactive AG, the third party index administrator. HSBC is the global exclusive licensor of the Index and its performance can be tracked on the Solactive website.

Disclaimer: Structured investment product involves derivatives and is a complex product. Investment involves risk. The investment decision is yours but you should not invest in this product unless the intermediary who sells it to you has explained to you that the product is suitable for you having regard to your financial situation, investment experience and investment objectives if so provided by you.

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