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HSBC Launches Luxury Index for Wealth Clients in Malaysia

Also available as a Shariah-compliant solution for HSBC Amanah clients

HSBC Malaysia scales up its wealth capabilities to further its ambition of becoming Asia's leading wealth management bank. In addition to standard and thematic market indices, HSBC Malaysia has rolled out the Solactive Luxury Dynamic Factors Index (the Luxury Index). The Luxury Index is available as both a conventional and a Shariah-compliant solution, providing an investment opportunity for all HSBC Malaysia's wealth clients to capitalise on the growing luxury consumption in Asia. This highlights HSBC Malaysia's commitment to introduce innovative products that enable Malaysian investors to capture growth opportunities arising in new consumer trends.

This Luxury Index provides investors dynamic exposure to a list of global stocks that have high exposures to the luxury sector. The Luxury Index will also be made available in other key wealth markets in Asia.

The Luxury Index aims to generate potential positive long-term returns and build wealth for HSBC Malaysia's clients by utilising the following measures:

- **Capture the luxury trends:** luxury growth is predominantly driven by Asian economies, which are expected to play more important roles in a post COVID-19 world.
- **Well-established stock selection principles:** multi-factors investing are utilised to identify stocks that show persistent sources of returns and pose to better weather the cyclicalities.
- **Volatility control:** the Luxury Index incorporates a daily volatility control mechanism to reduce exposure to equities when markets are unstable.

Alvin Kong, Head of Global Markets, HSBC Bank Malaysia Berhad said, "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. The Luxury Index sits within our theme of stocks benefiting from Asian discretionary spending. Against the backdrop of the COVID-19 crisis, luxury as an investment theme is poised to benefit from strong economic recovery led by Asian economies."

HSBC Bank Malaysia Berhad

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He added, “HSBC Global Research estimates that the luxury goods market in mainland China will likely achieve double digit growth in 2020, doubling its overall share of the global luxury market in 2020 with further growth expected through to 2025.”

Jon Chivers, Head of Wealth, Wealth and Personal Banking, HSBC Bank Malaysia Berhad said, “As we are still in the middle of a global pandemic, keeping some investments in an index with protection, such as the Luxury Index, makes prudent sense. This index-linked structured product exemplifies our commitment to meet clients’ diverse wealth management needs aligned to prevalent investment themes even in these trying times. The Luxury Index enables investors to gain exposure to the sector, while maintaining a high level of principal protection.”

Whilst HSBC Malaysia’s structured products are widely available in different currencies and underlying index choices, the structured products linked to the Luxury Index will be denominated in Asian currencies (MYR in Malaysia, RMB in Hong Kong) in either a fully or partially principal protected structured product. In addition to having a risk control feature, the Luxury Index is designed using a method known as smart beta or factor investing, a first for HSBC Malaysia, 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.

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

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Note to editors:

About HSBC Malaysia

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country on the island of Penang, with the permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, founding member of the HSBC Group. In 2007, HSBC Bank Malaysia was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, namely HSBC Amanah Malaysia Berhad. Today, HSBC Malaysia has a network of 67 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Malaysia offers a comprehensive range of banking and financial services including Islamic financial solutions. HSBC Malaysia has also led innovation in Malaysia by introducing Malaysia’s first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Malaysia has launched

innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition on supported mobile phones.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,984bn at 31 December 2020, HSBC is one of the world's largest banking and financial services organisations.

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