HSBC
Asset Management

Comparing ETF Performance in Bloomberg

For Professional Clients only

Using the COMP function in Bloomberg

- Using the Comparative Return (COMP) function in Bloomberg can be useful to gauge an ETF's performance over time
- COMP enables the comparison of the returns of a selected security to its benchmark index, or up to five other selected securities

1 Base currency

- **Tip:** When comparing an ETF, make sure that both securities are displayed using their base currency, which can be easily identified through their NAV currency
- **Why?** Using a differing currency to the base evokes the usage of Bloomberg FX conversions, which could cause discrepancies with the return data

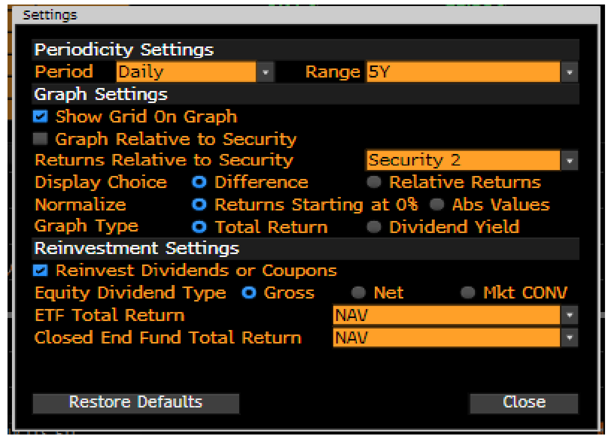
2 Range and period

- **Tip:** Make sure that the chosen date range does not start or end on a fund holiday. It is also generally preferred to set the period to "Daily"
- **Why?** Some ETFs do not publish valuations on fund holidays, therefore affecting the results. Daily comparison displays clearer return data outcomes

3 Reinvestment: Equity Dividend Type

- **Tip:** Generally, it is better to include dividends or coupons in your performance comparison and to look at total returns rather than price returns

- **Why?** There might be discrepancies in the type of benchmark an ETF tracks (price vs total return), this way you are sure to compare like for like



4 Reinvestment: NAV vs Price

- **Tip:** Save the ETF Total Return setting as "NAV". Once all settings are saved, they are preserved for the next time the COMP function is run

- **Why?** It is always better to use NAV prices rather than exchanges prices as they might deviate from the fair value of the fund due to market inefficiencies, supply/demand forces as well as premium and discounts. When comparing to the index, the NAV will match the closing prices used to calculate the index

Key risks

The value of an investment in the portfolios and any income from them can go down as well as up and as with any investment you may not receive back the amount originally invested.

- **Concentration Risk:** The Fund may be concentrated in a limited number of securities, economic sectors and/or countries. As a result, it may be more volatile and have a greater risk of loss than more broadly diversified funds
- **Counterparty Risk:** The possibility that the counterparty to a transaction may be unwilling or unable to meet its obligations
- **Derivatives Risk:** Derivatives can behave unexpectedly. The pricing and volatility of many derivatives may diverge from strictly reflecting the pricing or volatility of their underlying reference(s), instrument or asset
- **Emerging Markets Risk:** Emerging markets are less established, and often more volatile, than developed markets and involve higher risks, particularly market, liquidity and currency risks
- **Exchange Rate Risk:** Changes in currency exchange rates could reduce or increase investment gains or investment losses, in some cases significantly
- **Index Tracking Risk:** To the extent that the Fund seeks to replicate index performance by holding individual securities, there is no guarantee that its composition or performance will exactly match that of the target index at any given time ("tracking error")
- **Investment Fund Risk:** Investing in other funds involves certain risks an investor would not face if investing in markets directly. Governance of underlying assets can be the responsibility of third-party managers
- **Investment Leverage Risk:** Investment Leverage occurs when the economic exposure is greater than the amount invested, such as when derivatives are used. A Fund that employs leverage may experience greater gains and/or losses due to the amplification effect from a movement in the price of the reference source
- **Liquidity Risk:** Liquidity Risk is the risk that a Fund may encounter difficulties meeting its obligations in respect of financial liabilities that are settled by delivering cash or other financial assets, thereby compromising existing or remaining investors
- **Operational Risk:** Operational risks may subject the Fund to errors affecting transactions, valuation, accounting, and financial reporting, among other things
- **Real Estate Investments Risk:** Real estate and related investments can be negatively impacted by any factor that makes an area or individual property less valuable

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