AiPEX

AI Powered US Equity Index
Q1 2025 Fact Sheet

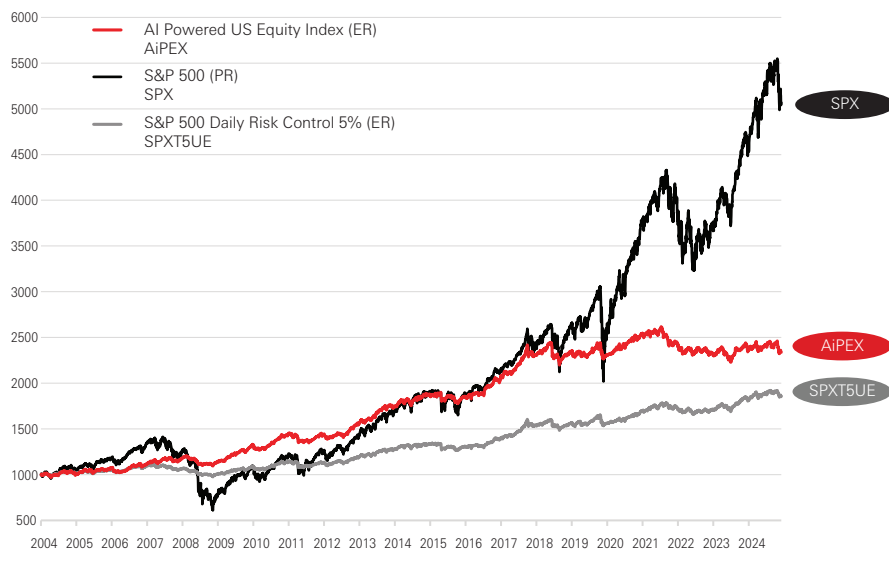## An Artificially Intelligent Equity Index with IBM Watson™

The AI Powered US Equity Index ("AiPEX") is a rules-based equity strategy that uses IBM Watson's Artificial Intelligence ("AI") capabilities to turn data into investment insight. AiPEX is a risk controlled, excess return index, comprised of approximately 250 U.S. publicly traded companies, selected monthly, that utilizes objective artificial intelligence techniques to dynamically select the underlying constituents.

Winner Best New Index 2021

The HSBC AI Powered US Equity Indexes won the Best New Index award from SPi. This award recognizes the best non-traditional index provider of the year, based on methodology, innovation, and value to investors.

Index Returns: Simulated & Historical

Annualized index returns as of 3/31/2025

1Y	-4.29%
3Y	-1.54%
5Y	0.42%
10Y	2.23%
Return since inception	4.13%
Volatility since inception	5.89%

Sources: Solactive, EquBot, HSBC, Bloomberg, from 4/30/2004 to 3/31/2025

Comparative Performance: Simulated & Historical

- AI Powered US Equity Index (ER) AiPEX
- S&P 500 (PR) SPX
- S&P 500 Daily Risk Control 5% (ER) SPXT5UE

AiPEX 4.13% compound annual return

SPXT5UE 2.99% compound annual return

SPX 8.03% compound annual return

Source: Solactive, EquBot, HSBC, Bloomberg, from 4/30/2004 to 3/31/2025. The graph and table above sets forth the hypothetical back-tested performance of the Index from April 30, 2004 through August 9, 2019 and actual index performance thereafter through March 31, 2025. See the risk factors and "Use of Simulated Returns" herein.

Key Features

With Watson™

Information Advantage

AiPEX is the first and only index to use IBM Watson's unique insights to continuously learn and analyze millions of pieces of traditional and non-traditional data each day.

Equity Selection

Applying what it has learned, AiPEX objectively evaluates and scores each of the 1,000 largest U.S. publicly traded companies in order to find those whose stock prices are poised for growth and rebalances its portfolio monthly.

Risk Control

In an attempt to provide steady returns at a reduced risk for the investor, AiPEX targets a daily volatility of 6%.

HSBC

AiPEX 3-Step Investment Process

1. Score

Scores for the 1,000 largest U.S. companies are calculated based on:

- **Financial Health Score:** evaluates a company's fundamentalsand key figures.
- **Management Score:** assesses a company's management strength and thought leadership.
- **News & Information Score:** measures a company's market sentiment, economic, and geopolitical risks.

2. Select

Approximately 250 companies with the highest combined Financial Health, Management, and News and Information Scores are selected for the portfolio.

3. Diversify

Companies are assigned portfolio weights, with the largest weights going to the companies with the highest combined scores (subject to diversification and market liquidity limits).

Index Collaborators

HSBC · With Watson™ · EQUBOT